THE EMPIRE CLUB
ADDRESSES 1964-1965

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The Empire Club of Canada

LT. COL. ROBERT H. HILBORN, M.B.E.

President of The Empire Club of Canada
1964-1965

ADDRESSES 1964-1965

The Empire Club of Canada

GOD SAVE THE QUEEN

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The Empire Club of Canada

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EXCERPT FROM *Origin and Objects of the Empire Club*
PUBLISHED IN *The Year Book for 1903-04*

On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut. Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed . . . . . a Committee to draft a Constitution.

The meeting at which these principals and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present . . . . after a discussion of various proposed names . . . . The Empire Club of Canada . . . . was approved by a large majority.

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The Empire Club of Canada

MAY 25, 1964

The Relationship Between Governments and Government-Controlled Corporations

AN ADDRESS BY The Right Honourable
Lord Bridges, P.C., G.C.B., G.C.V.O., M.C., F.R.S.
CHANCELLOR
READING UNIVERSITY

JOINT MEETING THE EMPIRE CLUB OF CANADA
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INTRODUCTION The President,
The Hon. D. R. Michener

MR. MICHENER:

In presenting our distinguished guest, Lord Bridges, to this audience I can assure him that he is among friends and admirers who are delighted that he has given us this opportunity to meet him in person.

The members of the Institute of Public Administration have long known of him as one of the shining lights of their profession who, as Sir Edward Bridges, served his country throughout the Second World War in that most crucial office of Secretary to the War Cabinet.

Of his work in this capacity his Prime Minister, Sir Winston Churchill, wrote words which I cannot forbear to quote even though they will not be new to many and probably haunt our guest wherever he goes. Speaking of the fusion of the all out war of military and non-military problems, he said, "That no friction occurred between the Military staff and the War Cabinet staff was due primarily to the personality of Sir Edward Bridges, Secretary to the War Cabinet. Not only was this son of a former Poet Laureate an extremely competent and tireless worker, but he was also a man of exceptional force, ability, and personal charm, without a trace of jealousy in his nature. . . ." In these parts we accept Sir Winston's every dictum.

From 1946 until his retirement from the Civil Service eleven years later, Lord Bridges was Permanent Secretary to the Treasury, which Sir Winston might have, but did not, describe as the Civil Service post which there is nothing else higher than. Outside of the Civil Service, and both before and since that period of his life, Lord Bridges' careers have been equally notable.

The members of The Empire Club of Canada, in fact all of us, honour Lord Bridges for his gallant military service in World War I before he had finished his undergraduate work at Magdalen College. We admire his amazingly varied and energetic service since his retirement, to architecture and the arts generally, to nuclear science and to the universities, to mention only some of his present interests and activities.

Although Lord Bridges is Chancellor of Reading University and an honorary LL.D. of Cambridge, Oxford men throughout the world have good reason to bless him for lifting the weatherbeaten faces of the old colleges and buildings of Oxford and restoring to them the original glory of their golden sandstone. He was chairman of the Oxford Historic Buildings Appeal which raised about 2¼ million pounds sterling for this purpose, and is now chairman of the trustees who are supervising the ten year program of rehabilitation.

I don't know when he finds time to sit, even in the House of Lords.

If he will permit me to use his own words, they will provide the clue to this seemingly limitless capacity to serve and to build:

> "As I get older," he said, "I feel most strongly what an appalling waste of time it is ever to be bored, when there are so many things of absorbing interest in the world."

May I now present The Rt. Hon Lord Bridges of Headley and ask him to address us.

THE RT. HON. LORD BRIDGES:

I was delighted when it was suggested that one of my lectures should be on The Relationship between Governments and Government-controlled Corporations.

This subject presents many facets of interest. But I was soon daunted by the wealth of material. At one end of the scale in our country there are the great nationalized industries (coal, gas, electricity, railways and air corporations) and a few other very large public corporations of a different type, such as the B.B.C. or the Atomic Energy Authority.

Between them, and Government Departments, there is a great array of organizations which differ – some slightly, others to a considerable extent – from Government Departments organized in the normal way.

What should be my starting point? How should I avoid losing my way? In this country you have your Financial

Administration Act 1951 which divides Crown Corporations into three groups. We have no such Act. Indeed there is no single term to describe this varied organizational fauna.

I shall divide my lecture into two sections. I shall devote most of my time to the Nationalized Industries. But I will say a word first about the other bodies in the range between the Nationalized Industries and Government Departments which, as a convenient shorthand, I shall call the Intermediate Band.

I shall confine myself to describing the position in my own country but I hope that what I say may bring to light some issues which may interest you.

One is apt to think of Government Departments organized on orthodox lines as being the normal, and to regard every other way of doing Government business as a deviation – probably a fairly recent deviation from the normal.

This is misleading. In my country until 100 or 150 years ago we were governed through a very large number of small, separate offices, usually taking the form of Boards or Commissions, each charged with a very narrow range of duties: some dealing with what we would today call Central Government; some with Local Government, e.g., paving, lighting, police, some delightfully frivolous, e.g. the licensing of Hackney coaches to which the poet Congreve was appointed in 1695 by the Chancellor of the Exchequer "being desirous to place so eminent a wit in a state of ease and tranquillity." But as Parliament became more democratic, Ministers more busy, and businesslike, most of the little Boards were absorbed into Government Departments to make a more compact Administration. Examples are the Inland Revenue and the Ministry of Agriculture.

But this process of tidying up or tidying away Boards and Commissions did not mean that no new Boards or Commissions were set up.

English history presents endless examples of new Boards or Commissions being set up, to deal with some special abuse, or to undertake some new policy which was regarded as specially important or which needed to be handled in an atmosphere free from political interference. But the problems which seemed so difficult at the outset, after a while often ceased to be regarded as justifying a special type of organization and have been absorbed, as another cog, into the general machine of government. This process has been repeated indefinitely. It is still going on today.

I shall now give a few examples of the organizations in the Intermediate Band, which I suspect add up to at least 200. All I can do is to illustrate, with a few examples, the reasons which have led to a special type of organization being adopted.

The underlying motive is nearly always to secure a greater degree of freedom than is possible in a Government Department: either to remove some question from the ambit of party politics, or to make possible a different type of administration.

The oldest device for de-politicalization is, I suppose, to remove salaries from Votes and put them on the Consolidated Fund, as was done for our Judges centuries ago. This was done also for the Comptroller and Auditor General and also for the members of the National Assistance Board, who administer relief outside the scope of State unemployment and pension schemes. But this device is rather outside the scope of this lecture.

We have in the last half century devised other, much simpler, less formal means of securing a substantial degree of independence by what is no more than a convention. The University Grants Committee until this year was directly responsible to the Chancellor of the Exchequer. The Chancellor settled direct with the Committee the total sum which he could grant to them. This was a decision taken by a Minister. But it has always been left by convention to the Committee to decide themselves how they would allocate between particular universities the global grant approved by the Chancellor.

The financing of our cultural institutions is arranged on rather the same basis. With two exceptions, all our national museums and galleries have their own Boards, most of whom are appointed by the Prime Minister. Then we have our Arts Council (rather like your Canada Council) which provides subsidies for opera, ballet, symphony orchestras, the visual arts and so forth. The funds for the Museums and Galleries and for the Arts Council are provided by the Exchequer, but we have established a convention whereby Ministers do not interfere in the allocation by the Arts Council of their grant, or in the use made by the Board of each Museum or Gallery of its purchase grant.

Culture suggests the British Council. It has a Royal Charter, and operates almost entirely on funds provided by Government. It is controlled by a fairly large Executive Committee on which some Ministers are represented. The reason for this arrangement is that while the Government believes strongly in the Council's work, it is agreed that its activities should neither be, nor appear to be, under detailed Ministerial control.

The layout of our scientific organizations is at present under review and I shall not go into details. Some of these organizations draw their funds from the interested Government department. But two very important bodies, the Medical Research Council and the Agricultural Research Council, receive grants in aid direct from the Treasury. These two Councils are responsible for the policy pursued in medical and agricultural research and for how the money is spent, subject to a very general over-all Treasury control. This arrangement stems in part from the view that you will get the best results from scientific research if you allow as much freedom as possible to the experts in charge of the work.

Then there is a very large group of organizations where it is important to use highly skilled professional advice and experience in some branch of Government work. A device adopted here is to incorporate in what would otherwise be regarded as a Government Department, a Board of professional persons who direct the work of the Department under the general guidance of Ministers. Sometimes certain powers are delegated to the Board, which thus acts in some sense as a buffer between the Government and the interest concerned. Three examples of this would be;

(a) The Export Credits Guarantee Department which has a statutory Advisory Committee under independent Chairmanship;
(b) The War Damage Commission set up during World War II which was given considerable discretion to settle various issues which arose in handling bomb damage claims. (This year it is being absorbed into the Inland Revenue Department.)
(c) The Public Works Loan Board which handles under general direction from the Treasury the provision of loans for capital purposes for local authorities which cannot raise money on their own credit.

Coming rather nearer to the nationalized industries, the execution of some of our agricultural policies rests on a number of statutory marketing boards outside the Civil Service. Eight producer-controlled marketing boards were set up to stabilize and regulate the marketing of the farm products with which they are concerned, e.g. milk, eggs and potatoes, in accordance with the Government's agricultural policies. They are, however, responsible, especially for their commercial operations, only to the farmers who elect them. Those of the boards which disburse subsidies do so as the Government's agents under agency contracts, and the producer prices of which those subsidies form part are determined by Ministers. But in other respects the Government can control these boards only on public proof of an abuse of authority. Here the main motive for having separate Boards or Commissions is administrative convenience. The work is quite different from normal Civil Service work and it is easier and probably more efficient to hive it off to separate bodies.

At this point I thought that I would stop and give no more examples – at once then came into my head the following four extremely diverse bodies not covered by what I have said.

The Bank of England – surely the most important of our nationalized corporations. But I do not need to tell you what it does or how little it was changed by being nationalized.

Trinity House – which could be described rather naughtily as the most ancient, glamorous and glorious of all public utilities.

The Race Course Betting Control Board – the indirect offspring of the attempt of a Chancellor of the Exchequer, 40 years ago, to tax bookies; and *The National Stud* which resulted from a rich patron of the Turf leaving his Stud to the Nation.

So, you see, completeness and reasonable brevity just cannot be reconciled.

So much for examples. You may ask whether it is an advantage to have this large assortment of bodies conforming to no general pattern.

It is of course wildly untidy, often illogical, and impossible to describe. But it has made it possible to tailor the organization to meet particular needs, and as a result to make the administration acceptable to those conecrned. But it is fair to add that the degree of delegation of powers to Boards or Commissions in the Intermediate Band does not usually concern very controversial matters.

On practical grounds, I doubt whether there is much to find fault with in this part of the field, save the difficulty of making it comprehensible.

I come now to the most important part of my subject – the relationship between the Government and the industries nationalized after World War II. These are coal, 1946; electricity, 1947; railways, 1947; gas, 1948; I shall include the air corporations, although these were nationalized before World War II.

To simplify the story, I shall not deal with the iron and steel industry, nationalized in 1949, and de-nationalized in

1953, nor with the road transport, nationalized in 1947, and also de-nationalized in 1953.

I shall not set out the powers conferred on the Minister in regard to each industry. Ignoring minor variations and basing myself on the Act which nationalized the coal industry, the general pattern of the nationalization Acts passed in the years 1945-49 is as follows:

(a) The property of the industry is vested in the Board, the members of which are appointed by the Minister for fixed terms. (Serving civil servants have not been appointed to these Boards, but some retired civil servants have been appointed.)
(b) The Minister may give general directions to the Board as to the exercise and performance of its functions, in relation to any matter affecting the national interest.
(c) The Board has a duty to make both ends meet, taking one year with another.
(d) Provision of capital finance depends on the approval of the Minister and the Treasury.
(e) The Minister can ask for and obtain such information as he requires.
(f) Besides general powers, the Minister has specific powers in regard to particular matters. These vary somewhat from industry to industry: but there are certain common themes. Thus most public corporations are required to consult the Minister about big programmes of reorganization or development, also such matters as training, education and research.
(g) Accounts and Reports are submitted to the Minister and presented to Parliament.
(h) The auditor is appointed subject to the Minister's approval.
(j) It was understood that all the Boards would have commercial freedom to fix prices of the commodities, or services which they sold, safeguards for the con-

sumers' interest against the risk of a monopoly being provided by Consultive Councils.

(k) *Area Boards.* From the outset the Gas Industry was decentralized far more than the other nationalized industries. Its twelve Area Boards were almost autonomous as regards manufacture and supply of gas. The organization of the Electricity Industry was remodelled in 1957 into the Central Electricity Generating Board, and twelve Area Electricity Boards responsible for distribution.

Only one really important change has been made in these powers. In April 1961 the Government published a White Paper on the Financial and Economic Obligations of the Nationalized Industries (Cmnd. 1337). In this paper the Government announced their intention to set financial targets for the nationalized industries – in several cases in the form of a percentage rate of return on the new capital invested in them. This would act, both as a means of financial control, and of judging the merits of capital requirements.

All the nationalized industries now borrow direct from the Exchequer; and their demands for new capital are an important part of the nation's Public Investment program. For the last four years these have been the subject of an Annual White Paper and of a debate in Parliament.

But this broad summary of powers gives very little clue to general ideas in the minds of those who were responsible for framing these schemes, or as to the kind of relationship which they wished to bring about between the Boards, the responsible Minister and Parliament. This means going back a bit.

In the 1930's there was a gradual evolution of political opinion in both the main political parties in favour of an autonomous public corporation as the model to be adopted for industries or activities to be brought under public control. Two examples contributed to this line of thought.

The British Broadcasting *Company* was set up in 1922 with very limited aims – to acquire a licence from the Postmaster General to create and operate certain stations as a public utility service to the public by means of wireless telephony and telegraphy. The B.B.C. was from the outset managed by Lord Reith (as he later became) as a public corporation fulfilling an important public service; and in January, 1927, was established as a *Corporation* by Royal Charter. Very limited powers were assigned to the Postmaster General, who described them as follows:

> In the ordinary matters of detail and day-to-day work the Governors are absolutely masters in their own house. . . . As regards matters of general policy . . . I am prepared to take a certain measure of responsibility because – of course – we must retain a measure of control over larger matters of policy.

The second example is the London Passenger Transport Board. Its members were appointed not by a Minister but by five appointing trustees. The Minister was given no general powers of direction but had certain limited powers in regard to specific matters.

The Act setting up this Board was passed in 1932 by a Conservative Government, but Mr. Herbert Morrison (Lord Morrison of Lambeth) who had been Minister of Transport in the Labour Government of 1929-31, was its progenitor and had a lot to do with converting his party to the public corporation idea. "The Board must have autonomy and freedom" (so Herbert Morrison wrote) "in business management. It must not only be allowed to enjoy responsibility; it must have responsibility thrust down its throat."

It was implicit in the idea of an autonomous corporation that the Minister responsible for it should not be liable to answer questions in Parliament on detailed matters of administration, for this would result in a degree of interference inconsistent with commercial management.

These, then, were the powers given to the nationalized industries, and the conception on which these powers were based. How have they worked? This is best considered under two heads: the relationship between the Boards and Ministers and the relationship between the Boards and Parliament.

On the relationship between the Minister and the Boards responsible to him, I cannot do better than quote the account given by Herbert Morrison in his book *Government and Parliament*.

> Clearly it is desirable [he writes] that the Minister should keep himself familiar with the general work of the Board or Boards with which he is concerned. It is wise for him with his Parliamentary Secretary and principal officers concerned from time to time to meet the Chairman and, indeed, the members of the Board, to discuss matters of mutual interest either formally or informally. On such occasions both the Board and the Minister will be conscious of their legal rights: the legal right of the Minister to give general directions or to withhold approvals, and the legal rights of the Board within the field of day-to-day management; but it is also desirable that such discussion should be free, frank, forthcoming and co-operative. It is well that the Minister should have a sympathetic understanding of the difficulties and problems of the Board and should not wish needlessly to harass or humiliate them, otherwise he might unduly damage the Board's sense of responsibility to the nation which is an obligation upon them and a public asset. Similarly, the Board has to understand that the Minister may have to answer criticisms in Parliament and that he is not bound to defend the Board unless he understands its position and thinks that it is right. Therefore, these informal discussions between the Minister and the Chairman frequently take place and in themselves are good. It is very necessary, however, that the Minister should not be drawn into acquiescence in policies which he would find difficult to defend in public, and that a Board should not

> take a course which it believes to be wrong and against the interests of the undertaking or the public merely because the Minister asks it to oblige him. The Board has a perfect right to say to the Minister, "Give us a general direction in writing which will be published and we will obey, but otherwise we are sorry that we cannot act as you would wish." What is wanted is friendly co-operation without prejudice to the rights and responsibilities of either the Minister or the Board.

You see the idea: free, frank and friendly discussion about everything about which either party wants to discuss, avoiding detail and keeping to issues of policy; but each party being fully conscious of the responsibilities of the other party.

This all sounds very sensible, jolly and matey. But it has been described as "old boy basis" and has occasionally been complained of on this account. Thus there have been occasions when Members of Parliament have felt that a Ministry may have persuaded a Board, on some matter not within his powers, to come to a decision different from that which the Board would have reached if left to their own judgment.

For example, for reasons of policy, the Government may have required a nationalized industry to carry out some service which involves a loss, which the Board of the industry would not have incurred of its own judgment. It has been urged that in such cases the right course would be a State subsidy to meet the loss.

Another instance is the extent and the timing of increases in charges. Railway fares are an example. Here the Government has conflicting interests: the size of the railway deficits and the effect of an increase in fares on wages policy.

These suspicions and difficulties were for a time rather a sensitive point. But they have been lessened since the issue of the White Paper on the Economic and Financial Obligations of the Nationalized Industries in 1961, and have also been eased by the work of the Select Committee mentioned below.

Now I turn to the relationship between the Boards and Parliament. Here I must summarize the events of the last 15 years on two points–first *parliamentary questions*; secondly the right of Parliament to enquire in *a more comprehensive manner* into the way in which these industries were being run. In effect, this has meant the proposal to have a Standing Select Committee to enquire into the nationalized industries.

Parliamentary Questions. These can be put to Ministers only on public affairs for which they are responsible. Given the very general but rather vague terms in which the powers of Ministers responsible for the nationalized industries have been defined, there has been much doubt as to the matters affecting the Boards on which questions to Ministers were admissible.

This proved to be very controversial. In early days no doubt the controversy was fanned by political opposition to nationalization. But M.P.'s generally have resented not being able to pursue matters which affect their constituency by the usual weapon of parliamentary questions: while Ministers have throughout been determined that the autonomy of the Boards should not be sapped through agreeing that they should answer in Parliament detailed questions of administration.

In support of this stiff line about Parliamentary Questions, there has been talk of the Boards having M.P.'s breathing down their necks; or of the impossibility of administering the Boards in the full glare of publicity.

There have been many debates about this in Parliament since 1947. A rather more liberal ruling than that previously in force was announced by the Speaker in June, 1948, of which the main provision was as follows:

> . . . I am prepared, if it is generally approved, to exercise my discretion to direct the acceptance of questions asking for a statement to be made on matters about which

> information has been previously refused, provided that, in my opinion the matters are of sufficient public importance to justify this concession.

This rule still operates.

But Parliament was not satisfied and in 1961 an *Ad Hoc* Select Committee was set up with double-headed terms of reference, the first half of which covered the admissibility of Parliamentary Questions.

The witnesses before the Select Committee included two chairmen of Boards of nationalized industries (Lords Hurcomb and Citrine). Both were emphatically against the admission of questions on matters of day-to-day administration. The Committee recommended no concession on Parliamentary questions, and none was made. This position formally stands unchanged. But, as I will explain later, it has perhaps been eased in other ways.

The same *ad hoc* Select Committee also considered the wider issue of Ministerial responsibility for the nationalized industries. Two ideas were discussed. One, put forward by Mr. Herbert Morrison, was that there should be periodic investigations of each nationalized industry, say, every seven or five years, by a Royal Commission.

I was among those who gave evidence before this Select Committee and I was asked what I thought of the suggestion. I was against it for the following reasons. Such a Commission might well sit for two years. Another year would be spent in deciding what action should be taken on its report. And one would also have to allow a six months dead period before the Royal Commission was appointed, when everybody would say "better wait for the Royal Commission." This would mean that 3½ out of every 5 years the Board of a nationalized industry would be either waiting for the harrow, under the harrow, or recovering from it. This suggestion did not gain support.

The crucial issue before this *ad hoc* Select Committee was whether a Select Committee should be appointed in each session of Parliament (in effect a permanent Committee) to enquire into the Nationalized Industries. It would be modelled on the Select Committee on Estimates, which examines estimates of Government Departments each year.

Most of the evidence given by the nationalized industries was against the appointment of a Select Committee, but much the weightiest piece of evidence came from Lord Hurcomb who said this:

> If there was some sort of relationship, not of investigation or probing into financial detail, or in which challenge to its efficiency were the main object, but designed to get to know what the undertaking was doing, . . . if one could establish that sort of relationship so that the organization did not feel itself perpetually under the harrow, but was having an opportunity of explaining its policy and endeavours, and answering any challenge there might be put to what it had done, including its financial results, I think in a broad way that would be extremely helpful to the organization, and ought to go a long way towards informing the mind of Parliament. . . . One of the very greatest handicaps under which anyone in my position suffers is that he gets no opportunity of stating his own case or of explaining what his difficulties are direct to Members of Parliament. It is true I meet a great many individually, or I may dine with some group or other from time to time, but one does not have the opportunity of putting before a Committee of Parliament, or a group of Members of Parliament, even the bare facts. It has been borne upon me, if I may say so, without causing offence in any quarter . . . that a great many misapprehensions do exist, and perhaps decisions are taken on some supposition of fact which it not correct. A Committee of this sort would, or ought to mean . . . that a large number of Members of Parliament would have the opportunity of satisfying themselves and conveying, not by way of attack and of public speech, but by way of

> suggestion to the organization, the points where they thought something might be going wrong, or, at any rate, would be worth looking into. That would be of great value.

The *ad hoc* Select Committee seem to have been convinced by this evidence. They recommended that a Select Committee should be appointed by Standing Orders of the House of Commons each session with power to send for papers, persons and records, and that its object should be to inform Parliament about the aims, activities and problems of the corporations and not of controlling their work: and that the staff of the Committee should include an officer of the status of the Comptroller and Auditor General who should be an officer of the House of Commons with high administrative experience; at least one professional accountant; and such other staff as required.

This recommendation was made in 1952. But the controversy was not over. It was not until 4½ years later that a Select Committee really got to work. And why?

First of all the Government said that they accepted the report, subject to certain comments. But these comments turned out to involve such drastic limitations on the powers to be conferred on the Select Committee that the Select Committee reported after only four meetings that the restrictions imposed on it were so severe that there was nothing it could usefully do.

At long last, a Select Committee was set up with the following, much less restricted, terms of reference:

> . . . to examine the Reports and Accounts of the Nationalized Industries established by Statute whose controlling Boards are appointed by Ministers of the Crown and whose annual receipts are not wholly or mainly derived from moneys provided by Parliament or advanced by the Exchequer.

They were not – as recommended – given the support of a whole-time officer, of the rank of Comptroller and Auditor General. But after some years this demand has now been happily settled by strengthening the staff assigned from the House of Commons office to serve the Committee.

The Select Committee were given a very broad hint by Mr. Butler, at that time leader of the House of Commons, that their appointment was an act of faith and that much would depend on the good sense and goodwill of the Committee. They were also told that the matters which they could usefully investigate lay between two extremes which they ought to avoid. These were:

(a) matters of day-to-day administration;
(b) matters of major government, as distinct from commercial policy.

At last in 1957 the Committee got to work. They started off gently by inquiring into a relatively small and fairly uncontroversial Board, namely the North of Scotland Hydro-Electricity Board. This has been followed in successive years by reports on the Air Corporations, the Railways, Gas, the National Coal Board, the Electricity Industry and a report published in 1962, summarizing the Committee's main recommendations and the action taken thereon.

Let me now sum up the relationship between Parliament and the Boards. My reason for spending so much time on the controversies in Parliament is to bring out one essential point, that in a Parliamentary democracy, Parliament, if really determined, will get its way about the information it regards as essential about the working of important Boards. These controversies have been hammered out in Parliament, and arrangements have now been reached which are regarded as acceptable and workable.

It is true that the Government has stood pretty firm on Parliamentary Questions. But this does not prevent Members of Parliament from getting the information they require.

Admittedly they cannot usually get it in Parliament, where both question and answer would receive the great publicity which attaches to parliamentary proceedings. But today when a Minister refuses to answer a question in Parliament about one of the nationalized industries, his reply will very often be that he is sending the Honourable Member's question to the Chairman of the Board and asking him to reply direct. Again, M.P.'s who write direct to the Chairman of the Board nearly always get the information they want.

Generally, there is no doubt that the work of the Select Committee has enabled Parliament to get to know much more about the working of the nationalized industries. Their reports have contained much valuable information, detailed analyses and many interesting recommendations. In the nature of the case, not all their recommendations have been adopted. But their reports are regarded as helpful by the Ministers and the Department concerned and, indeed, by the Boards themselves.

The act of faith, as Mr. Butler called it in 1952 when agreeing to the setting up of the Select Committee, has fully justified itself. Indeed, my chief surprise is that Parliament has not always found the time to debate these admirable and interesting reports.

When one turns to the relationship between the Boards and Ministers, one asks oneself whether this is the right way to pose the question. What has become of the concept of the autonomous corporation? Is this still today a fair description to apply to these important industries under the control of the Government of a country which has gone far in the direction of economic co-ordination, or has the concept been eroded?

Let me mention a few points which have a bearing on this. First, under an Act of 1945 the Minister of Power has the statutory responsibility of co-ordinating the fuel and power industries of the country. This has meant close consultation between the Minister of Power and the Chairman of the Boards of the Coal, Gas and Electricity Industries over their activities and policies.

Then take the White Paper presented annually to Parliament on Public Investment in Great Britain. This is in two sections. The first covers the Nationalized Industries, the Atomic Energy Authority and the Post Office; the second covers Public Service Investment – Roads, Education, Housing, Water and Sewerage, Hospitals and other investment by Central and local authorities. Figures are given for four years. One past, one current and two future years. The argument of the paper sets out how much the Government thinks should be spent on public investment as a whole, and how the total should be allocated between the different heads. Clearly the capital expenditure of the Nationalized Industries has been integrated into the whole corpus of public investment.

It is worth remembering too that the Government has asked The National Economic Development Council (NEDC – or NEDDY as it is usually called) to do much the same task in general terms for private industry by setting a growth target which is attainable both in physical and economic terms.

Apart from investment, the Government has from time to time taken decisions which of course are within their power of direction on big policy issues. Examples are the decision that the Central Electricity Generating Board should embark on a large and very expensive program of nuclear energy power stations, as an insurance against the future: or the decision that the Gas Board should import liquid methane, a decision not welcomed in the Coal Industry.

Rather the same line of thought is reinforced by looking at the conditions under which the various nationalized industries have had to operate in the last, say, fifteen years. The Gas Industry has, I suppose, worked with fewest difficulties. It has run on a pretty even keel and I imagine that the Gas Board has operated with a degree of autonomy corresponding pretty nearly to what was envisaged.

At the other end of the scale, when it became evident that the Railways could never pay their way, without a big surgical operation, it was impossible for the Government to stand aside from the big social, economic and commercial consequences. In such circumstances the basis of the Act must be regarded as in some sense in suspense until equilibrium has been restored.

Putting all this together, it is clear that since 1945 the direction of the nationalized industries has in important respects rightly and inevitably been brought much closer to those who are responsible for the central direction of the National Economy.

Here again, after a good deal of experimentation a system has been devised which relates the capital demands of the nationalized industries to the needs of the country as a whole.

You may ask what general conclusion my lecture is intended to suggest, and you may perhaps complain that it has been too descriptive and too historical, and that I have done too little in the way of drawing attention to the weaknesses and the strong points of our arrangements.

What I have aimed at doing is to make clear the main forces which have been at work in the last twenty years: the doctrine of the autonomous corporations; the conflict between the freedom from detailed control, which this doctrine implies, and Parliament's undoubted rights of examination and enquiry; the relationship between the Government's function of economic co-ordination and the capital demands of the nationalized industries. These are questions about which, to my mind, one learns more from what happens in the clash of events, than from abstract discussion.

The sequence of events which I have summarized show that the arrangements reached after many years are broadly acceptable, and work pretty well. I do not of course suggest that these arrangements have reached finality, or that they are incapable of further improvement. "Democratic institutions are never done. They are living tissue – always a-making."

I have done no more than report the state of the game at the close of play on May 25, 1964. But I hope that the vicissitudes and controversies in my country during the last few years may have been of some interest to you. There is often much to learn from the actions of others – even if we do not seek to imitate them.

Thanks

Thanks of this meeting were expressed by Mr. D. L. Emond, President, Institute of Public Administration of Canada.

AUGUST 11, 1964 *Private Luncheon*

for
His Excellency The Honourable
D. Roland Michener,
P.C., Q.D., LL.D.
CANADIAN HIGH COMMISSIONER TO INDIA
IMMEDIATE PAST PRESIDENT
THE EMPIRE CLUB OF CANADA

At a meeting of the Executive Committee of the Empire Club of Canada on Monday, July 6th, at the University Club, the President, the Hon. D. R. Michener, advised that half an hour before, the Prime Minister of Canada, the Rt. Hon. Lester B. Pearson, had announced Mr. Michener's appointment as Canadian High Commissioner to India and that he would be leaving Canada early in August. Following congratulations, the President's resignation was accepted with regret and Lt. Col. Robert H. Hilborn was appointed President for the balance of Mr. Michener's term, effective July 21st, 1964. This action of the Executive Committee was confirmed at a meeting of the Directors of the Empire Club on Tuesday, July 21st, at the University Club.

On Tuesday, August 11th, in the Quebec Room of the Royal York Hotel, the Past Presidents and Directors of the Empire Club entertained His Excellency the Honourable Mr. Michener at luncheon on the occasion of his departure for India.

The President, Lt. Col. Robert H. Hilborn, paid a tribute to Mr. Michener.

COLONEL HILBORN:

As your new President I face you with mixed feelings of pride and humility. Proud to have the honour of presiding over this historic yet energetic Club, and humble in the recollection of its traditions and the distinguished Presidents who have gone before.

Today we are gathered to honour and to bid "au revoir" to our most recent, and one of our most distinguished Past Presidents. He has given in full measure of his energy, wisdom and time to our common cause and no one here will miss him more than I. The too few months I have had of association with Your Excellency have been gratifying and stimulating, and latterly I have done some basking in the reflected glory of your much-deserved appointment. I do appreciate the thoughtfulness, efficiency and frugality of those members who, in conveying their congratulations to you, have considerately sent me carbon copies of their letters with personally congratulatory postscripts added.

The Honourable Roland Michener's career and achievements provide ample material for a glowing and lengthy tribute. To all here, however, these are well known and they have spoken for themselves so eloquently that you need few words from me. Lest you think that he is without sin however, recall his days as a Rhodes Scholar and his continuing and active interest in this distinguished coterie and be reminded that there are two unpardonable sins at Oxford and I suggest that he is guilty of both – one is to be seen working; the other is to be enthusiastic.

The Prime Minister, mindful of Mr. Michener's aplomb and forensic dexterity as Mr. Speaker and knowing his strong common sense, which it is not easy to unseat or disturb, has found in him all the competence and conscience to recommend him to this high post. In doing what Emerson referred to as "choosing that welfare which is compatible with the commonwealth, knowing that such alone is stable" you, sir, have brought honour to Canada, to yourself, and to our own Empire Club.

As Canada's High Commissioner to India, Your Excellency will witness and indeed contribute to the great transformation of an ancient society. How little we know of what has been going on in India since the days of the Raj. My own knowledge is confined to gleanings from E. M. Forster, John Masters, with perhaps a lingering lurid touch of Gordon Sinclair, plus some bawdy bits of Noel Coward. We look forward eagerly to your return and to hearing at first hand of this great experiment to develop a sixth of humanity along an independent life of progress.

We thank you for your exhaustive efforts on behalf of The Empire Club of Canada and the honour you have brought our Club. We wish you and Mrs. Michener God speed, a pleasant and rewarding tour of duty and a safe return to us. On behalf of all here physically and the 2,805 who in spirit join us in our "au revoir"–I present you with this tray appropriately engraved to commemorate your Presidency.

SEPTEMBER 24, 1964

The Future of the Western Alliance

AN ADDRESS BY The Right Honourable
Lord Boothby, K.B.E., LL.D.
VICE-CHAIRMAN
INTERNATIONAL MOVEMENT
FOR ATLANTIC UNION

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

It has not been the practice of the Empire Club to anticipate its season by special meetings, but the presence of Lord Boothby in Canada and his willingness to come to Toronto have unquestionably justified today's exception.

Our guest of honour today has devoted his life to worthy causes and to the education and enrichment of his fellow man. Born in Edinburgh, educated at Eton and Magdalen College, Oxford, he was honoured by the University of St. Andrews, which he served as Rector, with an Honorary Doctor of Laws degree.

On the international level he has been a tireless worker for European Unity and the Western Alliance. In the United Kingdom, before his elevation to the peerage in 1958, he had a record of over thirty years of distinguished service in the House of Commons, including periods as both Parliamentary Private Secretary to Sir Winston Churchill when the latter was Chancellor of the Exchequer and Parliamentary Secretary to the Minister of Food in 1940 and 1941. He served in the Royal Air Force during the last war and for his contribution to the cause of France he was made an Officer of the Legion of Honour.

He is perhaps most widely known here and abroad as a colourful and provocative television personality through his participation in such BBC programs as "Brains Trust" and "Twenty Questions".

Notwithstanding all these ringing accomplishments I know from my Scottish friends that nowhere is he more affectionately regarded or is his name held in greater esteem than by his own people, those constituents of Aberdeenshire whom he served so faithfully and so long and particularly those many of their number who go to sea in the fishing fleet. He reciprocated this regard by taking the title of Baron Boothby of Buchan and Rattray Head in the County of Aberdeen.

It is my great privilege to present, and our honour to receive the distinguished Scotsman and European, The Right Honourable Lord Boothby, K.B.E., LL.D.

LORD BOOTHBY:

In any consideration of the future of the Western Alliance we ought never to forget the fact that the North Atlantic Treaty Organization has successfully fulfilled its two primary purposes–first, the containment of Soviet power; and, secondly, the reconstruction of Western Europe. It was brought into existence in a time of emergency, as a result of the direct Russian military threat which followed the seizure of Czechoslovakia and the blockade of West Berlin. In so far as that threat has diminished–and at the moment it has virtually disappeared–we have NATO to thank for it.

We are now living amidst the break-up of the established order of the post-war world, and we are finding that much of our thinking is no longer able to explain the facts. These words are not mine, but Walter Lippmann's. And they are true. NATO was founded on the basis of overwhelming American atomic and economic power, and of great European military and economic weakness. That basis has now disappeared. Ultimate power then resided in the White House. Today it resides in the White House and the Kremlin. Once again we have been overtaken by events. The world has been transformed during the past decade, and our statesmen are so overworked that they have hardly had time to notice it. In these circumstances it is hardly surprising that they are psychologically committed to concepts which are no longer valid; and that their policies remain frozen in the vocabulary of a post-war world that has ceased to exist.

The main causes of this transformation are the achievement of a balance of world nuclear power between the United States and Russia, the use of which by either could destroy half the world; and the rise of an economically powerful and politically nationalistic Europe.

The passing of American omnipotence has not been easy, and is still not easy, for the United States to accept; but they are in the process of doing so. In one of the last speeches he ever made, the late President Kennedy said: "We must face the fact that the United States is neither omnipotent nor omniscient, that we cannot always impose our will on the other 94 per cent of mankind, that we cannot right every wrong or reverse each adversity, and that therefore there cannot be an American solution for every world problem."

Similarly, the rise of an economically powerful and politically nationalistic Europe accompanied, as it has been, by a direct confrontation of tactical atomic weapons on that continent, the use of which would almost certainly escalate into a full-scale nuclear holocaust, has transformed the relationship between Europe and the United States, and with it the character of the Western Alliance. As Mr. Ronald Steel has said in his able and disturbing book *The End of Alliance*, "A Europe resistant to American direction is not a personal idiosyncracy of President de Gaulle, but rather the result of twenty years of European recovery."

All would have been different if, after the war, we had been able to bring into existence a united Western Europe; and gone on to develop NATO from a purely military alliance into the kind of Atlantic Community which was envisaged, as an ultimate objective, when the NATO Treaty was signed.

I lay no claim to exceptional prophetic powers. But at least I did see this. In 1948 – sixteen years ago – I said to the House of Commons: "It seems to me that the supreme object of our policy should surely be to build a democratic world order so strong that no State or combination of States will dare to challenge it. I realize that, for this, we shall have to make sacrifices. But adequate deterrent power is essential. As Admiral Mahan truly said: 'The function of force is to give time for moral ideas to take root.'

Such a democratic world order can only be built up by the creation of a United States of Western Europe, in some form or other, in close association with the British Commonwealth, and with the United States of America, upon whose material strength the entire structure must in the first phase depend. The process must be one of spiritual growth, as well as of material progress; and the end must be a series of *organic* acts of union. I see no other way."

For the failure in Europe, Britain is primarily to blame. For ten years after the war we could have had the leadership of a United Western Europe on our own terms. We turned it down five times. And, when we finally tried to get on board, as a seaman rather than the Captain, the smaller European ship comprising the Common Market countries was already at sea, with de Gaulle in aloof and solitary grandeur on the bridge.

For the Atlantic failure, the United States must bear the main responsibility. Long before nuclear power became a symbol of national sovereignty, we should have created a single nuclear deterrent force for the West to balance that which Russia had successfully established in the East: and devised, within NATO, the political machinery which would have given the member countries a real share in determining the policies which would govern the use of that force. President Kennedy's Grand Design was based on the conviction that there are no French, German, American or even European problems: only world problems, to be solved – in his own words – by "a system of co-operation, interdependence and harmony within the Atlantic Community". But that is, precisely, what we have not got. The West is conducting a global struggle against Communism without any central organs of political decision. As a result, we have no common strategy, and no common policies in Europe, Asia or Africa. The Kennedy Grand Design has foundered because the political machinery which alone could have given it reality has never been brought into existence.

However, I am not here to look back, except in so far as we may learn good lessons from past failures. I am here to look forward: and the first thing I want to do is to strike a note of warning. Do not underestimate the strength and the force of nationalism. It is now rampant throughout the world. De Gaulle himself believes that it is the only enduring political form. And it is an ironical fact that when the Atlantic Treaty Association was discussing the ways and means by which greater international integration could be achieved in the Parliament at Ottawa last week, they were tearing each other to pieces in the next building over the question of a national flag.

The task before the nations of the West is now primarily political. Broadly speaking, three alternatives confront us. First, to make no radical changes in our existing institutions, and content ourselves with seeking gradually to improve them. I reject this because it would involve not a partnership between Western Europe and the United States, but total American hegemony in the West. In any vague and unformulated political association between greater and lesser Powers, the strongest is bound to make the vital decisions imposed by the dynamic of events. We saw that, clearly enough, at the time of the Cuban crisis. It was superbly handled by the President of the United States. The fact remains that we were all brought to the brink of what might have been an all-out nuclear war without prior consultation; and the reluctance of the Western European nations to undergo a similar ordeal in the future is understandable.

The second is an attempt to create an Atlantic Federation now. I reject it because it is unattainable. The Countries of Western Europe are not yet ready to participate in, and submit themselves to, a Federal Parliament in Washington; and I doubt if they ever will be. They are not, after all, a number of agrarian provinces speaking the same language, and in rebellion against the same Sovereign, as the United States were at the time of the Declaration of Independence. Nor should we forget that federation was not finally achieved by the United States until after one of the bloodiest civil wars that has ever been fought.

The third alternative is to create, in a different form, a United States of Western Europe, as a prelude not to federation, but to a genuine partnership between Western Europe and the North American continent. This is my choice. And that is why I proposed, at the Ottawa Conference, a revival of the Anglo-French "entente". France holds the key because, without her, no kind of union either in Europe or amongst the Atlantic Powers can ever be achieved. At present the door between France and the United Kingdom is shut. I want to unlock it, and resume the blocked dialogue between London and Paris which has been the basis of British foreign policy since the beginning of this century.

The dilfficulties are great, but not, I think, insuperable. I am not suggesting that we should again seek to join the Common Market. If, as I hope, we become part of a United Europe, we shall undoubtedly bring a number of other countries with us, and it would not be desirable to disturb the close economic integration of The Six. The new Europe which I have in mind would resemble the "Europe des

Patries" of which President de Gaulle has so often spoken, and would, in many respects, be more acceptable to British public opinion.

There are many things about which we might agree. In the final analysis, nuclear power is indivisible. But if we now accept power parity with France, and establish our own equilibrium, the way is open for close co-operation, at the technical level, not only in the field of nuclear weapons, but in the development of atomic power generally. The French have recently suggested that existing nuclear strike forces should be committed to a Multilateral Force which would become part of a European deterrent, or what they call "une force de dissuasion"; but that nuclear weapons now under development should be assigned rather than committed to NATO. I see no objection to this. Nor would I object to the command and control of the NATO deterrent being confided to a small executive group, within and wholly responsible to NATO as a whole, consisting of the United States, the United Kingdom and France, which is the solution recommended by General Norstad. If nuclear war breaks out we shall all be in it, and few will survive. The purpose of the Western Deterrent is to prevent war, not to make it.

We can almost certainly agree about the policies which should be pursued in relation to China and South-East Asia. President de Gaulle's analysis of the problem posed by South Vietnam at his Press Conference last July was masterly; and everything he said has since come true.

So far as Europe is concerned, I do not propose to touch on the political problem of Germany, because German reunification cannot be imposed by the West. If it ever comes to pass it can only be in the context of a comprehensive settlement with the East, which includes military disengagement, and a Security Pact between the NATO and Warsaw Powers. Meanwhile, just as Britain is compelled by both geography and history to look to the sea as well as to the continent of Europe, so Germany is compelled to look to the

East as well as to the West. No German government can afford to ignore the possibilities of trade with the East, and the present Federal German Government are certainly not doing so. I welcome this. We have nothing to gain and much to lose by making war on the standard of living on the other side of the Iron Curtain; and the greatest hope of an ultimate political "détente" lies in an expansion of trade and of cultural relations between the East and the West.

Again, there is much to be done by means of greater Franco-British co-operation in monetary affairs. As things are now going, it is almost certain that, within a few years time, the liquid reserves at the disposal of the International Monetary Fund will no longer be sufficient to sustain the volume of world production and trade; and the question will arise whether the Fund itself should not be remodelled into what might be called a Central Bank for central banks, equipped like them with powers of credit creation and contraction. On these matters both the British and the French speak with experience, knowledge and authority.

Last, but not least, a world of new countries is in the process of formation; and development has become the imperative of our time. If all the wealth is concentrated in, and held on to by, a dozen countries, and the rest of the world is left in abject poverty, an intolerable and dangerous situation will sooner or later arise. No one has recognized this more clearly than de Gaulle. And here again we can reach agreement for joint action.

To sum up, I advocate an immediate revival of the Anglo-French "entente", as an essential prelude to any wider European or Atlantic unity. The Western European Political Community I have in mind would be a confederation, not a federation, with the object of achieving common political, defence and economic policies within the framework of the Alliance. The method, at any rate in the first phase, would be what Professor Catlin has described as "organic consultation" between governments and parliaments. From this much could flow, including an interchange of plans and personnel at many departmental levels of government, and habits of co-operation which might well push political, strategic and economic integration beyond the point of no return. In this way we can get, not a surrender, but a merging or pooling of state sovereignty in the fields where it is vital to the future of mankind; for in the modern world the doctrine of the sovereign equality of nations, accompanied by insistence on absolute state sovereignty for all, is a mathematical formula for war. To the peoples of continental Europe it has brought neither security nor peace, only bloodshed and misery.

From here we can go on to the improvement of the political and command structures of the NATO Alliance, and thence to the evolution of a wider and looser Political Community of the Western world. What I have tried to outline is not, and is not intended to be, a utopian ideological blueprint. The possibilities of what I hesitate to call the "Boothby Plan" are exciting, but they are also practical. And the role that Britain can play, as I see it, is very similar to that of Canada. Between us we can act as a link between the two sides of the Atlantic Ocean, with the object of achieving a friendly rather than a quarrelsome partnership between them. When we have done this we shall be well on the road to the kind of world order that must be established before the end of the present century, if the human race is to survive.

Thanks

Thanks of this meeting were expressed by Lt. Col. E. A. Royce, First Vice-President of The Empire Club.

OCTOBER 15, 1964

Canadian Unity

AN ADDRESS BY The Right Honourable
Lester B. Pearson,
P.C., O.B.E., M.A., LL.D.
PRIME MINISTER OF CANADA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

The career and achievements of our distinguished guest and speaker provide ample material for a glowing and lengthy tribute, but they are so well known that a summary will conjure up the whole.

A scholar, graduated by the University of Toronto and St. John's College, Oxford, where he played hockey and lacrosse – and now holder of over forty honorary degrees from colleges and universities around the world; a lecturer and historian at Varsity, where he coached football and hockey and played baseball; a diplomat, whose genius in the art of the possible has long been recognized in the capitals of the world. As Secretary of State for External Affairs he won wide admiration as Canada's spokesman at the United Nations where his name is still honoured and his presence warmly welcomed. For his constructive achievement as architect of the plans for an emergency force in the Middle East in 1956, he was awarded the Nobel Peace Prize in 1957.

Some months ago, disregarding party affiliation, he brought honour to our Club, to my predecessor and to Canada in his appointment of the Hon. Roland Michener as High Commissioner for Canada in India. A well-bestowed favour that is an honour to him who conferred it as it is to him who received it.

I know, Sir, that I speak for all of us here in saying that we have been conscious of, and sympathetic with, the recent problems and strains of your high office. We join in rejoicing, as you must have done, that the real heart of Canada was deeply touched by the visit of Her Majesty the Queen, the centre of our democratic freedom. The *New York Times* said some years ago that "In Britain and in the Commonwealth the robes of monarchy have become the habits of democracy". We have been recently reminded that it was a distinguished French-speaking Canadian Prime Minister, the Rt. Hon. Louis St. Laurent, who, in 1953, witnessed the Queen's signature and approved her new Canadian title: Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and her other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

During the past week I have been mindful of certain of your concomitant concerns relating to the Royal Visit, and I imagine that as the diamonds sparkled in the Royal tiara, your thoughts wandered to far away and foreign fields and to other diamonds in New York and St. Louis. There was also the domestic struggle you were obliged to miss involving Ottawa and Hamilton about which perhaps the less said the better. Having in mind your diplomatic distinction I thought of another great contribution you might have made, had fate dealt differently, as I watched in the dramatic tenth inning of the fifth game on Monday as Mr. Berra, in his determined way, unsuccessfully attempted to conduct negotiations with Mr. Al Smith, the arbiter at first base.

Provided that it is not subject to misunderstanding, I would say that even those who sometimes disagree with certain of your policies and proposals see you as a man of zeal – or perhaps I should say "unflagging zeal".

Mr. Prime Minister, we salute your courage, particularly in the sense that Hemingway defined courage as "grace under pressure", and your self-deprecating citizenship of the world in which you live and to which you have made such a great and lasting contribution. Gentlemen, The Rt. Hon. Lester B. Pearson, Prime Minister of Canada.

THE RT. HON. LESTER B. PEARSON:

I am very happy to be here. I see a lot of old friends around me and in front of me and I would like, if I might, Mr. President, to follow your example and single out one, whom we are all so delighted to have with us today, and that is Colonel Sam (R. S. McLaughlin). He's a man who makes us younger chaps seem much older.

I want to thank you, Mr. President, for your refreshing introduction, original and refreshing. But I refuse to follow your invitation to deal with the unflagging controversy.

I am very conscious, Mr. President, of the fact that in other circumstances I might have been introduced by my old friend, Roly Michener, and I hope–in fact I know–you have forgiven me for taking him away from you and indeed from Toronto.

In my job there are a great many appointments to be made. Some of them are pleasant and easy; some of them are pleasant and difficult; some of them are just difficult; but none has given me greater pleasure, greater satisfaction, than the invitation to Roly Michener to abandon private life and take on a very heavy and important responsibility as Canada's representative in a part of the world where our relations are becoming increasingly significant.

I was happy to do this because he was so well qualified for this, as he has shown himself to be so well qualified for other important jobs. The fact that he belonged, unfortunately, to the other party wasn't nearly as important as the fact that we used to play hockey together. As a matter of fact neither fact had anything to do with this particular appointment.

Mr. President, I feel it a privilege to be addressing the Empire Club today, addressing an organization which by its name and by its history reminds us in this country of our heritage. It is an asset to a young, relatively young and developing country, to have organizations, to have institutions, and indeed to have symbols that underline the continuity of our history and the depth of our roots. I believe it also essential to have institutions and procedures and symbols to emphasize our Canadian status, our separate identity as a nation. Things that will stimulate our pride in Canada and things Canadian.

These two factors, the traditional and the national in our development should and can compliment and strengthen each other. But there are those who wish to make them, or seem to wish to make them, irreconcilable. I am very conscious of the fact and I am sure you are, because of the events of the last ten days, that these two factors in our national development are complimented and mutually strengthened in a happy way in a Queen who is the Queen of Canada and the Head of a Commonwealth, the heart of which remains Great Britain.

I am prompted on this occasion to make a few observations about the recent visit with which, because of my office, I was closely associated – a visit which gave me, as I am sure it gave millions of Canadians, the greatest pleasure and a feeling of privilege for having the Queen in Canada. A visit which was initiated some two years ago, when it was thought fitting and indeed it was fitting to invite the Queen and her consort to come to Canada to take part in the celebration of events which I believe were worthy of the Royal Presence, the two Conferences of 1864, a hundred years ago, in Charlottetown and in Quebec City, which led to our Confederation.

The invitations were extended at a time when conditions were a little easier in one part of the country to be visited, than they have been in recent months. And because of unhappy developments in recent months I, as the head of the government, was under some worry and anxiety and indeed, pressure – whether to put this off and advise that it should be cancelled or not. The pressure came from a few extremists in one part of Canada. And I believe, the more so now that the visit is over, that the purpose of their crude pressures – and I was subjected to them – the very purpose of this pressure was to get the government to cancel the visit. And that would have been a great triumph for them, if it had been cancelled, and would have given them a prestige and authority in their own area which they didn't deserve and shouldn't have.

These threats were made the more significant and, I believe, the more dangerous by the publicity that they received, some of which, I think, was excessive and exaggerated and was just what they wanted. And we read, all of us, phrases such as – "subjecting Her Majesty to awful risks", "slighting the danger", "Is Quebec to be another Dallas?" All that kind of thing which was bound to stir up public opinion, which was what they wanted – the extremists. And I reaffirm that to cancel the visit in the face of threats of that kind would have been their triumph and our humiliation.

It is a fact – an unhappy fact – that the alarm that was created by this agitation and these threats did require unprecedented security measures. This was the kind of situation that those responsible for security couldn't win. If the security was excessive they lost; and if security was not adequate they lost.

It's interesting to me – I say this in no unduly critical way – but it's interesting to me to read that among those who are now complaining most vigorously against the excess of security measures, are those who in some cases brought about by their own words and their own actions a feeling of insecurity which made, if you like, the excessive security measures seem advisable.

When I was in Charlottetown, where everything was very peaceful and serene, as you would expect on Prince Edward Island, especially on the occasion of a Royal visit, there were a great many reporters there, and of course some of them came from outside the country. And those from outside the country particularly, I think, had been perhaps misled a bit by some of the publicity they read in their own countries, and a Canadian columnist was down there – and some of you may have read his column – writing on the eve of the visit had this to say: "One American reporter, captivated by the Island's serenity, was heard to comment that if he wrote about things as they actually are on the eve of the visit his editors wouldn't believe it, much less print it. So he was trying to get himself into the mood to write a tense piece and finally he talked himself into it."

The Royal visit gave us an opportunity, an opportunity of which we will take advantage, unanimously, I believe, in the House of Commons, by resolution. It gave us an opportunity to express the loyalty, the affection and the respect of all true Canadians for the person and the office of Her Majesty. But it also underlined in a particularly unhappy way – indeed in a humiliating way – that there is a small minority in one part of Canada that would divide and destroy our nation. This minority, this small minority, violent and provocative minority, must be overwhelmed by the expressed and demonstrated loyalty of Canadians, English-speaking and French-speaking, to Canada, to its institutions of which the monarchy is a cherished and honoured part, and to its unity.

The problem of unity has now been dramatically put before us and it must be solved. And in solving it, the mass of the people must not be blackmailed or held for ransom by any small and violent minority. I firmly believe and I know you will join me in this belief, that such a small minority does not express the views of the people of the Province in which it is centred.

Let me read you, and you will be surprised at me using this gentleman as an authority for the arguments I am trying to make. Let me read you what the leader of the Creditistes, Mr. Real Caouette, said yesterday in the House of Commons. And Mr. Caouette will never be accused of slavish support for the British connection or of the institutions we inherited from that connection or to be anything but a strong Quebec and French-speaking nationalist.

But Mr. Caouette said this, and I am quoting – I don't think I've ever done this before in a speech outside Ottawa – I mean, quoting from Hansard, let alone quoting Mr. Caouette – And now, as we say in the House of Commons, on page 9025 – that shows how much talking they do in Ottawa – page 9025 of Hansard for August 14th. The member from Villeneuve was recognized by the Speaker and had this to say – and I am only quoting one or two sentences from what he said.

"Her Majesty," said Mr. Caouette, "being the guest of the Quebec government, no one has the right to insult her, even under the guise of separatism. The freedom, or licence, demanded by some of our fellow citizens would surely be the last thing that they would grant to others if they were in power." And, he went on: "Her Majesty is for us" – this is Mr. Caouette speaking – "Her Majesty is for us a symbol of a way of life which enabled us to grow by our own means and according to our own wishes. If it be true that unity is strength, it is time for us to achieve it in mutual respect. And we French Canadians of the Province of Quebec have undeniable rights, but in addition to those rights, which we claim, we also have duties to fulfill toward ourselves and for others. It is not in anarchy that we will succeed, but in mutual trust and understanding. Those were, Mr. Speaker," Mr. Caouette concluded, "the few ideas I wanted to express at the close of a Royal visit which I believe will serve to let reason enter into circles where everything seems so confused." I think those words of Mr. Caouette are abundant justification for the Royal visit in spite of some of the unhappy episodes that took place on certain occasions.

In addition to Mr. Caouette's statement and the statements of Mr. Diefenbaker and Mr. Martin and other leaders in the House of Commons yesterday, there was something else that happened in Ottawa, related to what I have been talking about, that gives us grounds for satisfaction and encouragement as Canadians. We had a Federal-Provincial Conference at which all the heads of the provincial governments were present and some of my colleagues and myself, and within the space of a few hours we came to unanimous agreement, on two matters which I think are of historic significance in the development of our country.

We have been plagued in this country – as indeed we were bound to be plagued – as every federation is plagued – with problems arising out of the financial relationships of the provinces and the federal government, and how to meet these problems in a way that will maintain the strength that the central government must have, and yet, make the kind of adjustments to provincial needs and provincial requirements that the provincial governments must have through the resources available to them, if they are to meet their obligations, and discharge their duties.

It won't be long now, before, in a few years, we will have to face a renewal or readjustment or alteration or abandonment of the tax arrangements which have been made some years ago with the Provinces, and yesterday we agreed unanimously, in Ottawa, to set up a tax structure committee. The terms of reference are very important, such as to enable us to work together, provincially and federally; to work out new tax deals; a new relationship between the federal and provincial governments which will reconcile the two things I have just mentioned, which exist in our federation.

We were all very heartened by that development in the morning. And then in the afternoon, after two or three hours of discussion, on a report – a unanimous report – from the Attorneys General of the Provinces and the Minister of Justice, who presided over the meeting of the federal government, again, we agreed unanimously on a formula to repatriate the Constitution of Canada – a formula – and I am now reading from the communique, which when it becomes law – and it will become law shortly – and all the Provinces will subscribe to it. It will mean that any future amendment to our own Constitution will be made in Canada, instead of by the Parliament of the United Kingdom, which has been doing this job for us for too long. That, by the way, isn't in the communique. And not through their fault but through our fault. As a result, the communique went on to say, our Constitution becomes, for the first time in the history of Canada, truly and wholly Canadian.

And this is a milestone, in the evolution of our constitutional development and it is a culmination of a series of discussions over the years between the federal and provincial governments, brought to a very happy conclusion yesterday. A conclusion which will provide for the Provinces, having the responsibility for changing the Constitution with federal co-operation in respect to those items which concern them; for the federal government having the responsibility for changing matters in the Constitution which concerns it; and in respect to those matters, and there are an increasing group of questions, where the provincial and the federal governments have a joint interest, we have agreed on a formula for change in the Constitution to be made in Canada, if the proposed changes are passed by the Parliament of Canada with the concurrence of at least two-thirds of the Provinces, having at least fifty percent of the population of Canada.

I think we can take a great deal of satisfaction out of this. I think we can take even more satisfaction out of the way this agreement was reached, the spirit, if you will let me use the phrase, of co-operative federalism, which was shown in coming to that agreement.

We realize, of course, that in a Constitution in a country like Canada, in a federation like Canada, nothing should be fixed. There should be as much flexibility as possible. We realize it may have to be changed in the future. Constitutions should adapt themselves to growing countries, growing peoples and differing constitutional requirements. And so, we put in at the end of our communique: "The Federal-Provincial Conference agreed that the Government of Canada and the Governments of the Provinces would from time to time study, in the light of experience, the working of the

Canadian Constitution and any revisions which may be submitted by any of the governments."

This was an encouraging day. It was a great day for our country and all the provincial heads of governments felt that as I felt it. We left the Conference this morning after our final meeting convinced and encouraged that we can work together, federally and provincially, to build this country into the great nation that it is bound to be, if we wish it to be.

I was sitting down the other night, trying to think of what I should say today and to put down some of my thoughts in writing, as to how I felt about Canada at this difficult and troubling time and yet stimulating and inspiring time in our history, too. And this is my creed and my belief in our country. I believe in our country as you believe in it. I honour its past and I have faith in its future. I reject the views of those men of little faith and mean spirit who by their pessimism about our future, diminish our present and betray our past.

No country in the world is so envied and with such good reason to be envied, as Canada. If you want to get evidence of that, travel abroad. No country has a greater destiny ahead of it, if we wish to make it so. Other countries would be very happy if they had not only the reality of our present but the promise of our future. Nothing can prevent us becoming one of the world's great nations except international chaos and the ultimate catastrophe of nuclear war. We have a part, but only a relatively modest part to play in Canada, in preventing that tragedy. Or, secondly, our own failure to meet the tests and exploit the opportunities that face us – the test of unity and the opportunity of national growth. And this is entirely our own responsibility and no one else's.

Canada, however, will not realize its destiny unless we understand the nature of our nation – its origins, its history, its problems, its possibilities.

When I had the honour of speaking to a combined meeting of The Empire Club and The Canadian Club just almost a year ago – and I think it was in this room – I said to the Clubs then, “There must be a determination to understand the real nature of Canada and the forces eroding that nature; to recognize the peril of serious internal divisions; to recognize also the competition of the changing world community and the competitive world markets; to realize the opportunity of national strength through unity and the fatal weakness of division and discord.” And that certainly remains true today.

Geographically, we are satisfactorily huge but in economic terms, we are merely a long narrow ribbon clinging to our United States boundary. We must widen that ribbon by pushing development northward and bringing in the people and the capital which can make that push possible. Yet it must be essentially a Canadian development under Canadian control. These are things we have to reconcile in government and in business; insistence on Canadian nationalism not being allowed to obscure the necessity for cultivating the best possible relations with other countries, especially the United States and our two mother countries, Britain and France. No country depends more on other countries for prosperity, and indeed even for survival, than Canada. And the lesson of that is obvious. You don’t fight the hands that are helping to feed you.

We must also understand the constitutional and racial structure of our country, and the implications of that structure on our political development. Canada is a federation of Provinces based on two founding peoples, English-speaking and French-speaking, but which has subsequently developed as a multi-racial society. Canadian national unity, which is essential, rests on the recognition and the acceptance of this dualism in our origin and this diversity of our development. This dualism must not, however, be permitted to weaken or destroy us. It can be made to strengthen our nation. Canada is and must remain a sovereign political entity. In that sense it is and it must remain one nation! Let there be no misunderstanding on this score.

Inside this entity, however, there is a French-speaking element which socially, culturally and historically has the nature of a national community, with the Province of Quebec as its heart and its centre. Now that fact must also be recognized, as must the fact of national unity be recognized – national unity politically and national unity before the world. And to maintain that unity, on the basis that I have just mentioned, must be the primary objective of all the governments, at all levels and all the people of Canada. This doesn't imply subordination in any way of provincial rights, or the alienation of provincial authority. Far from it. It does require a government at the centre, strong enough to serve Canada as a whole. Its full realization demands a strong Canadian identity with the national spirit and the national pride that will sustain and strengthen that identity. To strengthen national unity then, the Federal Government and the Governments of the Provinces must use all the means at their disposal. They must, in particular, endeavour to further and deepen among all citizens and individuals and members of associations and communities, the understanding of and the support for the principles on which the Canadian confederation is based. All Canadians must actively support it as a matter of individual responsibility, because after all, it all goes down to the individual citizen.

So all Canadians as individuals must support policies designed to promote national confidence, national unity, national identity and national purpose. A national purpose which does not betray our past, but does not permit our past always to determine our future. Again, it's a question of the reconciliation of these two foundations for national development. A policy which will keep our nation and our union strong, keep our federation healthy and keep our country united as one country before the world.

Thanks

Thanks of this meeting were expressed by Mr. Arthur Langley, President of The Empire Club, during our Diamond Jubilee Year.

OCTOBER 22, 1964

The Repatriation of Our Constitution

AN ADDRESS BY The Honourable Leon Balcer
DEPUTY LEADER
PROGRESSIVE CONSERVATIVE PARTY
OF CANADA

CHAIRMAN The Second Vice-President,
Mr. R. Bredin Stapells

MR. STAPELLS:

The Dominion general election of June 27, 1949, increased the strength of the Progressive Conservative Party in the Province of Quebec by 100 per cent–from one to two. The constituents of Trois-Rivieres had sent a 31-year-old lawyer to represent them in Ottawa.

The Party gathered strength in 1953 with 4 members, in 1957 with 9 and the pinnacle of the Party's success in Quebec since 1867–a resounding 50-member group in 1958. Then came the contraction to 14 in 1962 and 8 in 1963. After each election, M. Balcer still represented his fellow Canadians of Trois-Rivieres.

The first French-speaking president of the Young Progressive Conservatives, a past president of the National Party, former Cabinet Minister and now Deputy Leader of the Party and its French-speaking leader, M. Balcer has always been an organizer of difficult causes. Now, he is faced with building a successful Party organization in his province at a critical time in the history of the Canadian nation.

A Cabinet Minister who gave us Torontonians Malton's round airport, a Conservative who painted red maple leaves on the funnels of Canada's new coastguard ships and an important Canadian, may I present to you The Honourable Leon Balcer, Q.C., P.C., Deputy Leader of the Progressive Conservative Party of Canada.

THE HON. LEON BALCER:

Last week, in Ottawa, following a meeting of the Attorneys General of the federal and provincial Governments of Canada, the Prime Minister and the provincial Premiers reached a very important decision. This decision was the conclusion of a very long series of studies, meetings of officials and federal-provincial Conferences that had been going on for a number of years, and the Press of the country the next day carried big headlines applauding at last, "The Repatriation of the Constitution". There is no doubt about it, it is a progressive move and an important step in the history of our country.

Canada was probably the only major independent country in the world which had to depend on the Parliament of another country, not only for the power to amend this Constitution, but in fact to carry out the most insignificant amendment.

Of course, in practice, Westminster was always agreeable, without any discussion, to any joint address of our Parliament requesting the British Parliament to make the various amendments that have been passed in recent years. But still, in the eyes of the majority of Canadians, it was a humiliating experience which did not fit with the concept of a Sovereign State. So, I think it is natural that most Canadians have read with great satisfaction the communiqué issued at the end of last week's federal-provincial Conference.

But already, and it is only a few days since those events, great reservations are being expressed in the House of Commons and in many editorials.

The Member for Greenwood, Mr. Andrew Brewin, went as far as to say that in the opinion of the New Democratic

Party, the occasion of the repatriation of the Canadian Constitution should not be one of national rejoicing but rather one of national mourning. I certainly do not agree with such a discouraging expression, but there is no doubt that we are now faced with a very complicated formula.

We will have the power in Canada to amend our Constitution, but this Constitution will have to be amended and brought up to date by a long series of federal-provincial meetings. We are running a great risk of Government by federal-provincial Conferences.

In order to secure the agreement of all the provinces to the Favreau formula, many concessions had to be made and a veto was given to the provinces in many spheres and this resulted in making this Constitution a very rigid and inflexible document.

Of course, this afternoon, I do not intend to discuss the relative merit of the Favreau proposal. It will be discussed at length in the House of Commons in the very near future.

Some of my colleagues in the House of Commons already have expressed their views to the effect that this Constitution, as amended, has placed our country in a strait jacket. Others have strong reservations over the fact that the Favreau formula will result in a shift of power from the federal Government to the provinces.

Personally, I agree it might have this result, but however I am not at all disturbed by such a shift in power. I feel that this is inevitable and even necessary at the present time. It is my opinion that this will go a long way towards meeting some of Quebec's present requests. As you are aware, there is a definite feeling of uneasiness in my province and many of our public men feel that a realignment of priorities between the federal and provincial Governments will permit the provincial Government to meet its ever increasing responsibilities.

As an example, I could mention the field of education. I think every Canadian today will agree that education should have top priority and should be met whatever the price.

Now that we will have the power to change our Constitution, I think we will be witness to a long tug of war between the federal Government and the provinces and when I consider how uninspiring and unreadable a document our Constitution is in its present form, I am afraid that the annual edition of new amendments and sub-amendments will make it absolutely unpalatable.

Canada is like a man who owns a model-T Ford of 1926 vintage. The model-T Ford in 1926 was a marvellous piece of engineering and it was even revolutionary for this time of history. It should be admired for that, but if that man has to go to Montreal from here and he uses his model-T Ford, he might get there, but he will certainly not get there rapidly and it will certainly not be an efficient way to travel at this time.

It is the same thing with our Constitution – it was a wonderful piece of legislation in 1867 and our Fathers of Confederation should be congratulated for their vision. However, one hundred years later this piece of legislation is as outmoded as this model-T Ford even if many repairs and patchwork have been done to the original. I sincerely think that the time has come for a modern country like Canada to have a brand new Constitution that will be really the expression of Canada 1964. After all, many countries recently have done it successfully – it is certainly not an impossible task and it is certainly a necessity.

The Constitution of a country should be an inspiration for all its citizens. The children should be able to learn it by heart at school. It should be an organic document with a proper preamble expressing the goals of our country, including a Bill of Rights applicable to all citizens and an operative section that takes into account our federative system and the fact that we are a country which is composed of two founding races of different language and religion.

Maybe all Americans do not know the whole text of their Constitution, but for an American, the Constitution is first of all the Declaration of Independence and the Bill of Rights, and these, every child and every adult knows by heart.

I think everyone will see the logic of a complete redrafting of our Constitution, if he considers that when it was first enacted, Canada consisted of only four provinces and all the land west of the Great Lakes was not even included or mentioned.

Compare the dirt roads of 1867 with your 401 Highway.

Automobiles could not even be imagined, let alone aviation, radio, T.V. satellites.

Of course, through the years there have been many amendments, but the original draft has been kept, with the result that, at the present time, our Constitution consists of approximately twenty acts passed by the Parliament of another country.

With the decision of last week, changes or further amendments will be made at a series of Federal-Provincial Conferences where the Prime Ministers and the Premiers, who are all harassed statesmen, will be expected to make most involved decisions in a matter of hours, under pressures of political life.

I would suggest instead a Royal Commission. Some of you might say that our Governments have overdone the use of Royal Commissions, but I think the importance of the subject would justify this one. The members of such a Commission would be named both by the federal and provincial Governments. They could be chosen amongst the best constitutional experts, constitutional lawyers, historians and economists of the country, representing the cultural and regional sections of Canada. It is no use hiding the facts – at the present time our Confederation is sick. In my own province, we are going through a social revolution. Various and very often, opposite schools of thought are trying to marshall public opinion. I think it would be a very useful forum for these associations.

The concept of Confederation must of course be retained – it provides stability and continuity of government and policy in those affairs, which are of mutual concern, while retaining a large degree of independence and unilateral action in those matters which are of local or regional concern. This must be clearly stated in the terms of reference of this Royal Commission on the Constitution.

The five main considerations which should determine the nature and the form of Governments are the nationality, the geography, the economy, the foreign relations and the philosophy of a country. All five command a federal form of government for Canada.

I think I am expressing the wishes of many of my fellow Quebeckers, when I state that we should revise and modernize the only fundamental document that can really determine the limits of the responsibilities of the various Governments. This document should have the natural character of a constitution; it should be a declaration of principles on the source of governmental power, on the rights of the citizens, on the limits of the rights of the State. This document should be rid of obsolete texts present in the BNA Act that are useless, have no historical values and cannot inspire anything but embarrassment. We must make sure that a new Constitution would be flexible enough to meet present and future Canadian situations. Also, we must make sure to guarantee in a new document the equality in status of the two main cultural groups and of their institutions, religion and language, and partnership between and amongst the provinces in respect to their relationship with each other. This concept of Confederation must be brought up to date – it is absolutely necessary. How can you modernize this concept to meet the aspirations of all Canadians in the Canada of today and of the next decade while insisting on retaining a form which is not in keeping with our status as a great country with great responsibilities in the domestic, as well as in the foreign field? This new document can be a beautiful and inspiring national asset. It could be preceded by a preamble describing the goals of our people and it should contain the Bill of Rights made applicable to all of

Canada and not restricted, as it is at the present time, to federal jurisdiction.

I said that our new Constitution should be an inspiring national asset. To prove this feasibility, I would like to direct your attention to a proposal of a preamble made by a French-Canadian scholar and business leader, Mr. Marcel Faribeault, at the recent Conference on Canadian Goals at Fredericton. In this preamble, the people of Canada first recognize the authority of God as supreme legislator–then, under a federal Constitution, the pursuit of peace and prosperity through respect for autonomy and common interest; their faith in democratic institutions; their confidence in the principles of equality, liberty and fraternity. And in this preamble, after stating the rights and responsibilities of the various federal and provincial Governments, it recognizes the symbols of Canada and declares as official federal languages, English and French. It ends with the recognition of the Monarchy and its role in the constitutionality of Canada.

This is a crude résumé of Mr. Faribeault's suggestion, but it was certainly received with a great enthusiasm by all those present at the Conference.

Mr. Chairman, I am an optimist in the future of Canada, and I think that a new Constitution, essentially Canadian, and expressing the goals and aspirations of our people, would go a long way to promote national unity, respect and friendship between our two cultural groups.

Thanks

Thanks of this meeting were expressed by Mr. Donald H. Jupp, a Past President of the Empire Club.

OCTOBER 29, 1964

The Canadian Foreign Service as a Career

AN ADDRESS BY The Honourable
Charles S. A. Ritchie, M.A.. D.C.L.
CANADIAN AMBASSADOR TO THE
UNITED STATES OF AMERICA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

The Honourable Charles Ritchie, Canadian Ambassador to the United States of America is yet another distinguished example of Nova Scotia's great contribution to Canada. Born in Halifax he was graduated from King's College there, then Oxford, Harvard and, after Europe's best diplomatic school L'Ecole De Ccience Politiques, he joined External Affairs in 1934.

His first assignment abroad was in Washington in 1936. During the second world war he was a member of the High Commissioner's Staff at Canada House in London and later served as counsellor at the Canadian Embassy in Paris.

Since 1950 he has been successively Assistant and Deputy Undersecretary of State for External Affairs; Ambassador to the Federal Republic of Germany and Head of the Military Mission in Berlin. In 1957 he was appointed permanent representative of Canada to the United Nations.

When Prime Minister Diefenbaker announced his appointment as Ambassador to the United States in February 1962 the Opposition Leader, Mr. Pearson described it as a first class appointment and said that he knew of no better man in the Canadian Diplomatic Service for the post. Hon. Adlai Stevenson at the United Nations referred to our speaker as "My good and able friend, who with his wife, brought grace and wit and intelligence to our United Nations community."

It is perhaps appropriate that one of Canada's most illustrious career diplomats address the Club, from whose senior office, two have gone in recent years to serve and represent our Country as High Commissioners, although it may be unlikely, after the introduction given the Prime Minister two weeks ago, that there will be any further activity along this line in the foreseeable future.

The career of the Hon. Charles Ritchie reflects those terms of reference set out by John Adams, second President of the United States, when he charged his new Envoys to France "to dissipate umbrages, to remove prejudices, to rectify errors and adjust all differences."

A senior and exceptionally gifted diplomat at the summit of public service presiding over our historic embassy in Washington, with its reputation for perceptive interpretation of the forces moving our neighbours, and an understanding of how these forces may be brought in harmony with our interests and ambitions. Articulate, worldly-wise yet earnest, who with high purpose, exceptional ability and abundant wit devotes himself to the highest interest of our country, The Honourable Charles S. A. Ritchie.

MR. RITCHIE:

It is a great privilege and also a great pleasure to have this opportunity to address The Empire Club of Canada. When your distinguished past President, Mr. Roly Michener, first mentioned this invitation to me I was so happy to accept but, now that I find I am following in the footsteps of such distinguished orators as you have been listening to lately, I have my qualms. Diplomats are trained not to talk too much, to avoid headlines, and never to say anything exciting. These are hardly the qualifications for a sensational speaker.

When I chose the subject of my remarks today – the Canadian Foreign Service as a Career – I felt it was peculiarly appropriate to Toronto because Toronto and the University of Toronto have contributed so outstandingly to Canada's foreign service. What a list – even a partial one – of the sons of Toronto University who have done so much to build and influence Canada's position in international affairs; among my own predecessors in the Embassy in Washington – Mr. Massey who, of course, opened the first Canadian Legation there; our present Prime Minister; the late Hume Wrong and the late Leighton McCarthy.

When I turn to the subject of my talk, I inevitably begin to think back to the early days when I, myself, joined the Department of External Affairs thirty years ago, when it was still a young service and a small one, although it had been born as long ago as 1909, when it started with an annual budget of $13,550, with two clerks and four others under Sir Joseph Pope, installed above a barber shop on Bank Street, Ottawa. By the 1930's, Canada had diplomatic missions in London, Paris, Washington, Geneva and Tokyo. The Department had moved to the Victoria Gothic dignity of the East Block, but it was still very far from the complex, highly-organized foreign service of today, with its 81 posts abroad and its personnel strength of 2,285. In those days in the early 30's, the foreign service was less large and complex an organization and more a group of individuals working together, and very individual some of them were. Coming directly under the authority of the Prime Minister, the members of the Department of External Affairs quite often found themselves allotted a varied and interesting variety of jobs. The divisions and sub-divisions of a professional foreign office did not exist. My own first job was to act as an assistant to the present Prime Minister when he was Secretary of the Royal Commission on Price Spreads and Mass Buying. As I knew nothing about price spreads or mass buying, I was put in charge of compiling the index for the report of the Commission – one of the most inefficient and misleading indexes ever compiled.

The spirit of my colleagues in the Department in those days was intellectually stimulating, but had its austere side. Anything that savoured of pretention or glitter in the diplomatic life was bleakly frowned upon by Dr. Skelton, the Under-Secretary, and his assistants. I was early told that it would be considered an affectation to describe oneself on any official form as a diplomat – one was a Civil Servant. And yet, that little group of my seniors who numbered among them the present Prime Minister, Norman Robertson, Hume Wrong, whether they called themselves diplomats or not, turned out to be among the most influential diplomats of their generation. I linger for a moment over the name of Hume Wrong, because his brilliant mind, his high standards, certainly made him one of the outstanding men of his generation. The foreign service, which was young in those days, has now grown up, but it has maintained its attraction for young men and women of talent and character. It is – if I may unblushingly say so – a fine service of which Canadians can be proud.

Some people seem to have the idea, from time to time, that the foreign service is a rather esoteric and ivory-tower existence. Nothing could be further from the truth. The Canadian foreign service is dealing from day to day with concrete issues which affect the citizens of Canada very directly in terms, for instance, of our economic and trade relations and here, the co-operation between the Department of External Affairs and the Department of Trade and Commerce in the promotion of Canadian exports is only one instance of our continuing co-operation with other government departments in the promotion and safeguarding of Canadian interests abroad.

What of the traditional glamour and formality of diplomacy–the protracted squabbles over precedence–the glittering dinners and receptions? I am afraid in these days the glamour has worn a bit thin. There is still plenty of social activity–too much for some people's tastes–but there is a reason for this–people are different, more relaxed, more ready for informal talk outside their offices, than they are inside. You meet the officials of the government to which you are accredited or the members of the community, to which you live, on a different and easier footing. Sometimes you get some valuable information out of it–sometimes you get fun–sometimes you just get sore feet and indigestion. As one American diplomat remarked to another: "Diplomacy is sure hell on the feet"–to which the other replied: "It depends on whether you use your head or your feet."

What are the motives which attract these men and women to the foreign service as a career? They are certainly not primarily financial. I think one of the main ones, for anyone attracted to international affairs, is the feeling of being able to make some contribution, however small, to the movement of history. There is something exhilarating and rewarding about being in a position to make such a contribution. Needless to say, professional members of the Canadian foreign service do not make foreign policy–that, of course, is the job of the government. But sometimes, in a modest way, they can influence it. Then, without being too solemn and highminded, there is the share of fun and excitement of the life for those to whom it appeals. There is an actual enjoyment of foreign faces, of strange scenes and cultures. And last but not least, there is the pride, nonetheless deep because it is often unspoken, of serving Canada.

Of course, there are drawbacks, and perhaps the greatest of these is that the foreign service officer does not live his life in a community of friends and relations, and cannot bring up his children in such a community. He spends years of his life away from his friends and his country. But, for those who feel the spell of the service, all this is worth it. Like other government departments, the Department of External Affairs is a great school in Canadian unity. We have representatives within the Department of so many strands in Canadian life, so many different backgrounds working together. French Canada, for instance, has, of course, made its outstanding and unique contribution to the character and development of our foreign service under the direction of Secretaries of State for External Affairs like Mr. St. Laurent and Mr. Paul Martin, under the Under-Secretaryship of Jules Leger and the present incumbent, Marcel Cadieux.

Of course, the changes in our own service about which I have been talking, are not limited to Canada. Many of the conditions of diplomacy have radically altered in recent years. The most striking and dramatic of these changes is in the field of communications. Rapid telegraphic communication has completely altered the position of diplomats serving in posts abroad. They are now in receipt of a daily flood of telegraphed instructions and information and they reply by a counterflow of reports. The diplomatic dispatch has become a declining method of communication and a declining art. And telegraphese is not good for the development of a prose style. Moreover, in the days when it took weeks or months for an Ambassador to receive his instructions, he had, of course, far more elbow room to develop initiatives of his own. There is a certain nostalgia in imagining what it must have been to be exempt from instruction by telegraph and telephone. Nowadays, the airplane wafts Prime Ministers, Foreign Ministers and their delegations from capital to capital in an unending minuet of meetings, direct and often intimate confrontations between heads of governments and foreign ministers.

Another development which has changed the traditional pattern of bilateral diplomatic relations is the development of which may be called multilateral diplomacy. The existence of the United Nations is only the most outstanding case of this, – there, a Canadian diplomatic mission is permanently accredited to the world organization. Then, there is in NATO, a new institution unique in the history of alliances, the North Atlantic Council in permanent session in which the diplomatic representatives of the member nations consult with each other on a continuous basis on the political and other problems which face the alliance. There is also the Canadian membership in the Commissions in Indo-China under the Geneva settlement, working under great difficulties in a multilateral framework with Poland and India. There has been a proliferation of international organizations of all kinds since the War – some technical, some economic, some military. Canada is a member of at least 84 and in 1963 Canada was represented at 111 international conferences. These organizations and conferences cover a vast area of activity, and the Canadian delegations are, of course, staffed with experts in these various fields, but there are always political and diplomatic overtones so that they also require the participation of members of the Canadian foreign service.

This gives one some idea of the enormous complexity of the problems with which a modern diplomat is supposed to deal. Canadian-American relations, for example, touch upon almost every phase of the national life of our two countries – economic relations, fiscal policies, labour relations, scientific co-operation, the joint development of resources and a dozen other highly technical subjects, together with military co-operation under the North Atlantic Treaty. Indeed, our Washington Embassy is like a miniature of government departments in Ottawa. We have specialists in so many fields and to these, of course, are added visiting delegations of experts from Ottawa. The ambassador is supposed to know something about all these activities – to say that he can master it all, would be to picture a superman, an admirable Crichton who does not, so far as I know, exist, and certainly does not exist in the person of the Canadian Ambassador in

Washington. However, one has to have some conception of the nature of these problems.

With all these changes, what is the present role of a representative abroad? For one thing, he ensures continuity and, so far as possible, centralization of effort. He is, after all, semi-permanently stationed in the capital of a foreign country, he is able – or should be able – to report movements of opinion, to gather information, to convey Canadian views on a day-to-day basis in a way which cannot be supplanted by sporadic meetings at a high, or alternatively, at a more technical level. Although Ambassadors may not be what they once were, there still seems, I am glad to say, to be a need for them.

There is also a permanent need for certain qualities in a diplomat. If he is brilliant, likeable and impressive, that is all to the good, but it is not, I think, the essential thing. The essential things are – to my mind – that a diplomat must be reliable in the sense that those who deal with him know that he is to be trusted. I suppose the worst sin in a diplomat is vanity – the kind of vanity that makes a man exaggerate his role, distort his account of events in order to give himself enhanced credit and which leads to indiscretions from the desire to show off inside knowledge or information. So, perhaps the essentials of the conduct of diplomacy do not change so much after all, neither does the fascination of the career.

Canada looks somewhat different when you see it from abroad. We see our own country both from the inside and as it is seen by people in other countries, and you become extremely conscious of everything that increases the reputation of Canada and anything that could diminish it. The image of Canada as a unity becomes very strong and clear, a country which any man would be proud to serve.

Thanks

Thanks of this meeting were expressed by Mr. E. B. Jolliffe, Q.C., a Director of the Empire Club.

NOVEMBER 5, 1964

The Canadian Union —Future Prospects

AN ADDRESS BY The Honourable E. Davie Fulton,
P.C., Q.C., LL.D.
LEADER
PROGRESSIVE CONSERVATIVE PARTY OF
BRITISH COLUMBIA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

I first met Davie Fulton in Italy in 1944 in what is affectionately remembered as the "Spaghetti League." During the latter days of the Canadian effort there and the "Operation Goldflake" move to Northwest Europe both of us spent a good deal of time attempting to control movement within our respective formations. The degree to which we were successful can be indicated by my saying that to the best of my knowledge all Canadian troops and vehicles are now out of Italy.

Our speaker, by that time, had been graduated by St. John's College, Oxford where as a Rhodes Scholar he had, if we are to believe Stephen Leacock, been "smoked at by his tutor, fed in Henry VIII's kitchen and had slept in a tangle of ivy," and, though still in his 20's, he had been admitted to the Bar.

When this competent and popular Major of the Seaforths, D.A.A.G. of 1st Canadian Division, left to run in the General Election of 1945 I, along with countless Canadians, began to watch his political career with the greatest interest, and we continue to do so.

He descends from a grandfather and a great uncle who were Premiers of British Columbia; the latter having also been Chief Justice of the Province and a father who, after holding several key cabinet posts in the British Columbia Government, served as a Federal Member of Parliament. The Honourable Davie Fulton has honoured this goodly heritage by his own outstanding contributions.

Parliamentary Government has been described as the worst possible method of governing a free people–except any possible alternative. Last summer when our elected representatives in Ottawa appeared to many to be supporting this description, a friend of mine who shall be nameless, opined that the last person to approach the Legislative Assembly in the proper frame of mind was Guy Fawkes.

I cannot imagine that there is anything appropriate in having one of Canada's greatest Justice Ministers address us on Guy Fawkes Day. Mr. Fulton's approach to reform is along somewhat more constitutional lines than that taken this day 359 years ago.

He is publicly interested in the vital question of the decade and dedicates himself to ensuring that we and our heritage are not soon parted.

Another good Tory Parliamentarian, Edmund Burke, said almost 200 years ago, "Abstract liberty, Sir, like other mere abstractions is not to be found! Liberty inheres in some sensible object." Gentlemen, it is my honour to present a most sensible object–The Honourable E. Davie Fulton who will address us on "The Canadian Union–Future Prospects."

MR. FULTON:

. . . . No city has come to know the phenomenon of radical change more intimately than Toronto. In population alone, one-third of your metropolitan area–nearly 600,000 people–are newcomers from foreign lands. They have transformed a relatively homogeneous population, and they have changed the face and character of this city. They have added to its cultural life and contributed to its economy. They have retained something of their previous national identities in the use of their language, in the development of their organizations and in their publications. They brought with them part of their heritage, but they left behind their laws, their political institutions and their citizenship, to adopt ours.

What they have adopted is citizenship of and within an existing political framework known as Canada. I am here today to speak of the Canada to which they came, of which they and we are, for the time being, the custodians, and whose first century as a nation will soon be completed. They found no utopia here, for we had not achieved one. They now share the problems that are common to all Canada and all Canadians. Sometimes, they experience some of our economic problems more heavily than the rest of us, for as newcomers they are more vulnerable to them.

As Canadians they share in the concern with and the responsibility for a satisfactory approach to the central issue of our time – the future of Confederation, the strengthening of the Canadian Union. For with us, they are heirs to the legacy of Macdonald, Brown, Tupper, Galt, Tilley, Howe – yes, and Cartier, Langevin, Chapais, Tache. It is a great and unique legacy among the nations of the world, and perhaps because it is so great and unique, it is often uncomfortable and always exacting. What is this legacy? Is it relevant today for Canadians native-born or new? Can Confederation *work*, and what must we do to make it work? These are questions which I have been asking, and trying to answer, in a series of speeches this year on the Canadian Union.

Initially, I said that what has come to be known as the Confederation dialogue should proceed in three steps: first, *to state what it is we are agreed upon, as Canadians*; second, *to discuss where it is we differ*; and third, *to agree on what accommodations are to be made* in order that Canadians may harmoniously pursue national goals and give effect to a common national purpose. In other words, to lay down the terms of reference, then expose and confront the problems, and within that framework to agree upon their solution.

In Saskatoon last March, I tried to define the concept upon which Canada was founded. The concept is one of a union with a strong central and cohesive power, a union encompassing the partnership of two principal, founding races, and four, now ten, provinces. A union designed to be greater and stronger than any of its parts, or than the sum of its parts, deriving strength from its parts, while giving and sharing strength to and with its parts. A union based upon a concept of duality and partnership that is distinctly Canadian.

In Montreal last April, I attempted to sort out the principal problems now facing the Canadian Union: in the economic field, the question of the financial ability of all the provinces, and especially a suddenly resurgent Quebec, to carry out new and dynamic programs in the areas for which they are responsible: education, welfare, power and industrial development; in the cultural field, the legitimate demand of French Canadians for a proportionate role in Confederation, and for an effective citizenship as partners in the Union, not only in one province but in ten.

In Nanaimo last May, I referred to some of the great material blessings which are Canada's, and I said that these impose upon our wealthy country a special responsibility as well as an opportunity to work out our passing problems.

In Vancouver during the Dominion Day holiday, I said that if we can strengthen and perfect the racial partnership, the dual heritage, that is ours, Canadians will be better and more effective citizens of a world growing ever smaller.

In Quebec yesterday, I spoke to my friends on the basis that they, like us, accept the Canadian hypothesis–accept that the problem is not one of how best we can go our separate ways, but rather how we build and develop, on the foundation of the Union we have established, a future that is more meaningful, more acceptable, to all of us. I said that it is important for them to realize that there is a new start abroad today in English-speaking Canada, that much progress has been made on our side in understanding their position and moving towards an acceptance in fact, as well as in words, of the concept of true equality of status between our two cultures in Canada. I invited them to admit, in their turn, that there is an obligation on their part to join us in the continuing dialogue of Confederation – to turn their minds outwards to the wider horizon and the opportunities open to them of full participation in the process of building Canada, not evermore inwards to a stultifying pre-occupation with their problems as a people exclusively of Quebec. I said that if they join us in a continuing dialogue of building Confederation, they will find us ready to face realistically the accommodations that we should make to bring to reality some of the concepts of partnership and equality which they say, with some justification, have been honoured more in the breach than in the observance. I said we would talk together, you and I, in English-speaking Canada, about those accommodations, mental and physical, that English-speaking Canada should be prepared to make.

What, then, do we say today in this old city, in this new Toronto, about the patterns of Canadian life in the second century of our nationhood? First, we must agree that it is worth effort and sacrifice to continue as a country. Second, that the question of these efforts, sacrifices or accommodations is one, not of concessions grudgingly given, but, of new methods of achieving common ends. We ought not to ask ourselves "How much do I dare demand?" or "How much do I dare concede?" but "How much do we enable the Canadian Union to grow from strength to strength?" Third, that it is within the concept and within the framework of Confederation – not outside it – that we will solve our problems, realize the dreams of our founders and be worthy of the hopes of millions who have made Canada their new home. Fourth, that while we mistrust solution by slogan or simple formula; while we abstain from emotionalism and extremism; while we deplore a hesitant and confused approach to the problems, we must ourselves accept the responsibility to state and to commit ourselves to a clear position which the millions of average, moderate, thoughtful people in this country will support. We must devise a blueprint for those who would rather build than tear down. If there is a vacuum of leadership in dealing with these problems, it must be filled by a nation with wide consensus of common sense.

With regard to the economic aspects of our Union, this consensus will recognize that it is inherent in the concept of Confederation that the power and authority which was left with the central government in the tax fields be not asserted or exercised to the point where provincial governments are disabled or inhibited from discharging their responsibilities to their people. It will recognize that the resolution of differences in this field must be, in the future as it has been in the past, by way of discussion and adjustment. Adjustment, but with every proposal being weighed in the light of the dual criterion: is it in accord with the basic concept of union? That is, first does it promote or does it inhibit the discharge of federal responsibilities – including the responsibility to be strong enough to assist the weaker parts of the Union? And second does it conform to the concept that within the union the provincial governments shall be strong enough to do their jobs, and in turn gather strength and benefit from the Union?

This consensus will recognize that one of the central facts of Dominion-Provincial relations today is that fields which the constitution assigned primarily to the provinces are placing new and unforeseen demands on the provincial authorities. It will recognize that the pendulum which has swung back and forth between the federal authority and the provinces in the past, is now swinging towards the provinces. And we should be prepared to allow some movement, so long as we maintain the balance that prevents its swing from shattering the frame. This balance is the criterion, the concept of union. This consensus will recognize that in order for the Union to work effectively, each province must be able to discharge its development role fully; and that there must be co-ordination so that these roles are carried out in unison; so that all parts of the country move ahead together; so that Canada does not become balkanized; and so that dangerous and self-defeating inter-provincial rivalries do not develop.

It will accept that new arrangements are necessary, involving the provincial governments more fully in the setting and achieving of national objectives. These arrangements might include the following:

First, to arrive at an agreement and a working arrangement between Ottawa and the provinces to forecast their revenue needs and their spending programs.

Second, to review the allocation of spending responsibilities as between the two levels of government, and specifically to examine all the joint cost programs in highways, hospitals, resource development and so on – to avoid duplication, and to prevent financial crises either at the federal or the provincial level.

Third, we must match this fiscal planning by beginning on an economic development program for Canada as a whole. This will be in part a responsibility of the Economic Council of Canada. But the Economic Council of Canada will be advisory only, and will be advising only the federal government. What is clearly needed is co-operation in economic development at both levels.

There may be some who think that unbridled competition between the provinces, with Ottawa surrendering all fiscal and economic authority, is just what Canada needs. But I can see in that case our central government, elected by and for all Canada, in the position of a sled driver with ten snarling, hungry, husky dogs all pulling on different leashes in different directions. My own view is that it is better to have some meshing of these plans. It must not include a veto – Confederation is not the U.N. Security Council – but it does have to be on a basis of working toward a common goal and a purposeful direction, that of bringing Canada to full, stable maturity as quickly as possible.

The problems facing Confederation in the economic field are not issues between English and French Canada. They are shared by all provinces and by the central government. But there is no doubt that the question of Dominion-Provincial financial arrangements arises particularly in Quebec because the people of that province are undergoing a cultural and economic renaissance which brings with it a realization that they have far to go, much to do, to participate not only in Canada's future but even to realize their full potential within their own province. And when they look for reasons why they have this gap to close, is it not natural that they should look, not to any shortcomings in their own previous attitudes and practices – as English Canadians are too prone to invite them to do – but to the national framework within which they live? Remember they are looking not only at the question of the responsibility for past deficiencies but also at the areas where changes could be made to accommodate the new surge of self-expression.

I believe it is natural, and that we should welcome the invitation it provides for us all to make an examination of the adequacy of the system to the needs and problems of Canada in the second century of Confederation . . . bearing in mind that detailed changes in the operation of the system must accord with the true concept of Union.

It also invites and challenges us outside Quebec to examine ourselves: are we as vital as they? Do we have the same confidence in the future, in our ability to meet the future, as Canadians, as they have in their ability to meet it within Quebec? Are we as prepared as they to examine new methods, to see if working relationships can be re-adjusted so that all of us can achieve our destiny as Canadians?

If we ask them to share our concept of a nation, of the Canadian Union, it is equally necessary that we should together examine the part that they and we can play in it, the ways that they and we can realize and fulfil ourselves in it.

For let it be clear that for Canada to continue as a nation, the rest of the country needs Quebec as much as Quebec needs us. So, while we insist on remaining true to the concept of union, while we reject utterly the false doctrines of separatism, quasi-separatism and a Canadian diarchy, we also put from our minds totally and completely the attempt to solve our problems or suggest that the basis of our nation-building is the assertion that the French Canadians are a "conquered race".

The fact is that the French-Canadians are partners in Confederation, their culture, language and religious rights and status guaranteed by the Constitution of the Canadian Union which their genius helped to shape. This was a great and uniquely Canadian concept, and we have achieved some magnificent things within it. We will only continue to do these things if we look for solution to our common problems on the basis of common action, not ultimatums. We must remember Professor Underhill's reminder that "men living together are a nation not because of racial homogeneity or cultural identity but only if they are united by a sense of having accomplished great things together in the past and a readiness to do great things together in the future".

None of the solutions to the problems between English and French Canada in the field of culture and language will be easy. Some of them, however, are more clear than others. First, any concept of partnership demands that a French speaking Canadian going to the capital of his country, or living in an area in which both official languages are widely used, should be able to discuss his own business in his own tongue. Efforts to foster and encourage and where necessary to require bilingualism in the federal civil service will hurt nobody, will be an asset to our country, and will be just and practical.

Second, there is the fact that French Canadians have not enjoyed even a proportionate representation in the upper ranks of the public service of Canada. There may have been some measure of explanation for this in the basic structure of the Quebec education system: although personally I think this an excuse rather than a justification. But anyway, the education reforms in Quebec are changing all that very appreciably: there will be more and more recruits for the public service from that province, competing on equal terms with anybody from any part of Canada, and Canada will be the richer for it.

Third, there has been the problem of lack of even proportional French-speaking representation in the senior ranks of Canadian companies, especially those based in or doing substantial business in Quebec. Whether careless or deliberate it matters not–too often the policy has been that French Canadians have been relegated to, and have remained in the lower echelons as foremen and "woods bosses" while "only English Canadians need apply" for the senior management positions. Again, it is to be hoped and expected that the "enlightened self interest" of these companies as well as the increasing emphasis placed in Quebec's education system on professional, managerial and scientific training, will redress this grievance.

Fourth, a related problem which appears to be the most difficult of all that face our Canadian Union, the status of French Canadian minorities outside Quebec. It appears difficult largely because it will be solved only by action of the provincial governments concerned; and they will take action only if and when there is a consensus among their populations to support it. In a national company, for example, the way to promotion may well include, of necessity, service in various parts of Canada. What then of the person from Quebec who is transferred to Halifax, Toronto, or Vancouver? He will find that there is little or no opportunity outside the home, for his children to learn the French language or be exposed, even minimally, to French Canadian culture or history. If you or I and our families are transferred from Halifax, Toronto or Vancouver, to Montreal, Quebec City or Three Rivers, we will find English language schools established and supported by the government of Quebec, where we can have our children educated in the language and culture that is ours.

The point is – and this, I believe, is at the nub of the whole Confederation problem – that the French Canadian feels that as a French Canadian he too has a place to occupy, and a contribution to make, to the Union of which he is an integral part. We in English Canada cannot continue to complain that French speaking people in Quebec are not behaving like broad-minded, *total* Canadians, we cannot continue to tell them in one breath that they ought not to be so isolated, so parochial, so provincial: if, in the next breath, we try to tell them to establish a ghetto for themselves in Quebec. What kind of total commitment to Canada as a whole do we expect of them, if we insist that they be *true* Canadians, citizens of all Canada – and then warn them that they must leave their language, their culture, in Quebec and aspire to no status, no privilege, and for them in effect no citizenship outside Quebec? Especially when we know full well that the non-French minority in Quebec province is treated far more handsomely than any French speaking minority in any other province of Canada.

Finally, in our approach to these problems, we do have to think of our children and our grandchildren, who will be citizens, not only of Canada, but of a world growing smaller; citizens of a world of interdependence which, as it draws men closer and makes men more communicative, makes them at the same time more competitive. There is no mistaking, no denying, no defying, no postponing this wave of the future. The nations of the world have to turn out citizens equipped not just for their countries, but for the world, for such is the way events are moving, inexorably, relentlessly.

We in Canada, in Toronto and Vancouver as in Quebec, happen to be in a position where we can turn out a *superior human product* for this future. To the extent that our children and grandchildren are exposed to the two cultures, to the two languages which form our historic and official heritage, we will place our children and grandchildren not just a step but a good mile ahead of other nations with whom they will have to compete in this new world order of things. And Canada itself will have a prouder and more important role to play.

In working toward this future, our job as moderate, thoughtful Canadians who have an interest in and a stake in the future of our country is to state our position, agree on our objectives, and develop a consensus to support them. We must then carry them forward. Where legislation is required, let us legislate. Where action of individuals or private companies is needed, let us act.

In this city, a man can feel the ever quickening tempo of Canadian life. He may come to this city from elsewhere in Canada or as millions have from abroad, because he will find much of the source of Canada's vitality here.

In this city we are reminded inexorably again of Professor Underhill's definition:

> "What makes (men) into a nation is not necessarily community of race, language and religion . . . it is their common history and traditions, their experience of living together, their having done great things together in the past and their determination to do great things together in the future."

This is a city that knows change and is not afraid of it. Throughout Canada, we have to put aside false fears and old prejudices and get to work on the arrangements that will be worthy of Canada's past and will measure up to the potential of our future.

Thanks

Thanks of this meeting were expressed by Mr. Alexander Stark, Q.C., a Past President of the Empire Club.

NOVEMBER 12, 1964

Canadian-American Relations

AN ADDRESS BY

Senator the Honourable
M. Wallace McCutcheon,
P.C., C.B.E., Q.C., LL.D.
CHAIRMAN OF THE BOARD
THE NATIONAL LIFE ASSURANCE COMPANY
OF CANADA

CHAIRMAN

The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

What is there to say when one rises to introduce a man whose notable career calls for a fulsome presentation yet, he is so well known that a recital of his accomplishments is superfluous?

You know Senator McCutcheon as a lawyer and actuary – learned in both professions.

You know him as an insurance executive with not one paragraph of tiny print in his soul.

You know him as a financier with a capacity for handling men with ease and business with alacrity. We assume that when they called him "tycoon" they knew the word means "great prince."

You know him as a public servant – loyal and unselfish, who has never attempted to convey an impression of euphoria about the national economy.

You know him as a Senator in whom there is no hazardous incoherence.

You know him as a Cabinet Minister who at a time of indecision and doubt was unequivocal in his views.

You know him as a politician mindful of the fact that he serves his party best who serves his country best, and we hope, as was said about Asquith, that he has a profound unwillingness to abandon the struggles to which he has become accustomed.

You know him as a philanthropist with wide and influential interest in the fields of education, agriculture, medical research and care, world trade, international affairs, welfare and the arts.

When we think of him as a farmer who is also on the Senate of the Stratford Shakespearean Festival we echo Emerson who said "I like to have a man's knowledge comprehend more than one class of topics, one row of shelves. I like a man who likes to see a fine barn as well as a good tragedy."

So, you will agree he is so well known that there is nothing I need say other than to express our pleasure and our gratitude for his presence and to present Senator The Honourable M. Wallace McCutcheon.

MR. MCCUTCHEON:

Your President, when he honoured me by inviting me to speak to you today, left me free to select my own topic.

The attention that has been centred on the political affairs of our neighbours to the South, during the past few months suggested to me that the subject "Canadian-American Relations" would be an appropriate one at this time, notwithstanding that I realize the same topic has been discussed by others on several occasions in recent years.

In facing the fact of our cohabitation on this continent with the greatest power in the world, we Canadians are not much more enlightened than we ever were, if as much; but we *are* somewhat less self-righteous. After some decades during which we "viewed with alarm" the decaying civilization to the south and "pointed with pride" to the purity of our own nationhood, we have suddenly discovered that we had not, after all, achieved the millenium here in Canada. Tensions long repressed have suddenly exploded into the open; we cannot hide them any longer; we are concerned about the future of our Confederation. With troubles of our own at home, we have not had time this past year or so for the finger-wagging at our neighbour which had become almost a national pastime. We have perhaps even become a little more understanding in his problems.

Since we are all Canadians here together, we must concede in confidence that the Americans – whom we have caricatured so often as loud, boisterous and boastful – have shown considerable restraint in their reaction to our present discomfiture. After all we are in much the same position as the old maid next door, always preaching piety and righteousness, always complaining and criticizing her wayward neighbours – suddenly found drunk and shouting obscenities at her relatives. The neighbours don't know whether to be shocked or to laugh out loud. We live by very understanding neighbours indeed. They have drawn the shades, and they are minding their own business . . . though the temptation to taunt us with some old Canadian editorials on American affairs must be very great indeed.

Those whose mission in life it seems to be to raise the dire warnings about American threats to our sovereignty do, usually, make a perfunctory nod to reality by noting in passing that there are certain advantages to living alongside the biggest industrial and military power in the world. They then proceed to enumerate the disadvantages and complications. I suggest that for a change we might be more specific about the *advantages*, and at the same time analyze the alleged dangers somewhat more thoroughly.

Canadians have been obsessed with threatened American domination, cultural, political, economic, for a long time. The American influence, we have often said, has been overpowering. Therefore we have not been able to realize distinct and independent Canadian attainments in these fields. This has been offered as an explanation; too often, it seems to me, it is little more than an excuse for our own shortcomings. As a matter of fact, the measures we have sometimes taken to counter this influence by encouraging Canadian self-expression and autonomy have had precisely the opposite result.

Recently a Canadian subsidiary, wholly owned by its American parent, offered 25% of its equity shares to the Canadian public. This action is in accordance with the stated desire of the Minister of Finance and resulted in the lower rate of withholding tax offered by the Minister being applicable to this company. $60 million invested by Canadians in this company certainly gave us no measure of control. We have the same degree of control that any 25% partner has over his 75% partner. In other words merely the control the majority partner is prepared to permit. The money the company received is not going to be invested in Canada. It is not going to build new plants or create new employment. In fact it has left, or will leave Canada, in the form of a massive dividend to the American parent. I suggest that this $60 million might have been better invested in new and expanding Canadian developments.

Similarly, there is often a great deal of discussion about the need for an independent Canadian voice in world affairs. Now there is no reason why we cannot make our own Canadian contribution to the United Nations, to the Atlantic Alliance and so on. Indeed, we have been and are doing so. But there are two elementary points that I think we should keep in mind.

First, if our approach to world problems seems very often to coincide with that of the Americans, it is for the good and sufficient reason that our interests very often happen to coincide with that of our neighbour. Whether we are embarrassed by this fact is beside the point: It is a fact.

The second point that should be borne in mind is that when we congratulate ourselves on the regard in which we are held in the world community, we ought to keep our self-esteem in perspective, if possible. If we have, as is often asserted, an influence in the world community out of proportion to our size as a nation, it is first of all because we *do* happen to live next door to the United States, and because we are a member of an older world organization, the Commonwealth.

I would be the last to deprecate the contributions that have been made by Canadian statesmen in our own right, to world affairs. But I am certain that we would not have been able to make nearly as great a contribution if we did not happen to share a continent with the United States.

Canadians are also inclined to complain about the cultural dominance exercised by the United States over Canada. As Professor Ian Macdonald has put it, "We drink up American life while complaining about a chronic hangover." It is true that the influence of American culture – American books and ideas, American radio and television – is very great. It is also true that Canadian ideas, Canadian attitudes and Canadian talent is represented to only a limited degree in this process. It is also true that Canadians have a great deal to do if we are to develop here our own distinct and independent means of sharing our own cultural offerings. (And I use the plural advisedly. We are a nation of many cultures – not one. God forbid that there should ever be *one* Canadian culture.)

But again, we often lose sight of some elementary consideration. First, there is this tendency to think of the American culture exported to Canada in terms of *Playboy*, the *Police Gazette* or the Beverley Hillbillies. This of course is a bit of supercilious arrogance on our part. It so happens that there is a very great deal that is informative, worthwhile, even elevating, in American magazines, television and radio. Moreover, the fact that there is a huge mass market in the United States also makes available to us, inexpensively, a wealth of artistic talent, great writings and

Lt. Col. R. H. Hilborn and The Hon. M. W. McCutcheon, November 12, 1964

The Hon. Jean Lesage, November 16, 1964

other cultural amenities which our own economy could not support.

My second point is that we should abandon the notion that the effective way to encourage Canadian expression is to put up a barrier against the free flow of ideas from elsewhere. It has been accepted for a long time that in our country, government has a responsibility to foster and encourage the growth of Canadian cultural expression. We can accept this premise – without concluding that the way to do so is to undertake discriminatory policies against American television or periodicals. In saying this I am not suggesting that we should not impose some barriers against American publications masquerading as Canadian.

As I have suggested earlier the question of Canadian-American economic relations is rife with misconceptions; and the pursuit by Canada of "the Canadian interest" in these relations sometimes turns out to be illusory and self-defeating. We sometimes manage to contrive unnecessary policies to meet imaginary dangers, and the result is to create new problems or aggravate existing problems.

Let us try briefly to place the situation in perspective. We nineteen million Canadians live alongside a neighbour ten times as large. Our trade in goods and services is greater than that of any two other nations in the world. The rate at which the U.S. economy expands will inevitably, over a period of time, have an effect on Canadian growth and development.

We share between us vast natural resources. The border between us is a highly artificial one – it is not an economic border; nor is it a geographic border in the sense that it is a natural geographic border. Because Canadians are determined to maintain a Canadian nationality on the one hand, and an American economic level on the other, our Canadian approaches are sometimes anomalous if not schizophrenic. I do not pretend for a moment that our problems are not difficult or that the solutions are uncomplicated. But it does seem to me that we should be governed by some very simple principles, assumptions and procedures.

First, if we expect each partner to take account, in the development of its policies, of the legitimate interests of the other, we must both of us definitely refrain from the type of unilateral action that complicates matters for its neighbour.

The increase in the withholding tax by Canada followed by the imposition of the interest equalization tax in the United States are two classic examples of policies which should have been discussed, and formulae worked out, between the two countries. In the event the Canadian policy, in its only significant application to date, has as I said backfired. The American policy was somewhat modified to the extent that it bears upon Canada, in subsequent negotiations. But an arrangement that would further the legitimate policy objectives of both countries should have been worked out in the first instance.

I shall not comment on the situation that has developed with respect to the so-called Drury plan re the export of automotive parts except to say that it is another example of unilateral action which it appears may excite reprisals–and that the discussions now going on between Canada and the U.S. (details of which are not known) might better have been undertaken in depth in advance.

Canadians, it seems to me, must also be somewhat more realistic and perhaps less juvenile in our reaction to American policy on such matters as trade with Communist countries. It so happens that the realities of the American political situation have not yet permitted the Americans to indulge in trade with Cuba, Mainland China or Russia to the extent that Canada does. For reasons that do not apply to Canada, relations between the U.S. and Cuba and Mainland China constitute a highly sensitive political fact–and we should recognize that fact. Now we may think the American view is unrealistic, even foolish. But we, too, have our own political hot potatoes, red herrings and sacred cows –to pile one metaphor on another–and we should not be quite so eager to scoff at those of others. Moreover the Americans are highly vulnerable to world opinion, particularly in those difficult areas where they are carrying the burden for the western world, and we are not.

We do not have to agree with American policy on trade with, say Mainland China or Cuba in non-strategic goods. We do not even have to follow their policy, as is clear. But we should at least respect it. Because, for our own advantage, if we happen to part company with American policy in these respects, there is still no call upon us, it seems to me, to proclaim to the world that we are infinitely more "liberal," more "progressive," more "enlightened" than they. It just happens that our position is a bit more fortunate in this respect. Instead of preaching to the Americans about this question of trade with Communist countries, we should seek to obtain agreement with the Americans for a change in American law which will permit Canadian subsidiaries of American companies to export under the same conditions of Canadian-owned companies. In return for this agreement we should be willing to establish adequate safeguards to make sure that American companies do not use such an argument for the deliberate purpose of evading American law. We have undertaken to limit our trade with Communist countries to non-strategic goods and to prevent Canada being used as a medium through which U.S. produced goods might be shipped to such countries when U.S. law prohibits their direct export. We should continue this policy.

There are other bogeys and false assumptions about Canadian-American economic relations, and especially about American capital in Canada. One such assumption is that American parent companies tend as a matter of policy to restrict their Canadian subsidiaries in the export field, keeping the export market for the American firm. This assumption has been repeated so often that it is almost an article of faith in some quarters. There have been two recent studies which in effect disprove the assumption. One, by Dr. H. E. English, Director of Research for the Canadian

Trade Committee was entitled *Industrial Structure in Canada's International Competitive Position.* He investigated three large areas of manufacturing – the chemical industries, the machinery and equipment industries and the consumer durables industries – and found that foreign owned firms as a rule had been willing to export when tariff circumstances made this possible, and in fact encouraged such exports. Another study by Professor A. E. Safarian of the University of Saskatchewan found that the degree of foreign ownership has little relation to the size of exports by foreign-controlled manufacturing enterprises, and that "problems which inhibit Canadian exports are generally common" to both foreign-owned and Canadian-owned firms.

Critics of foreign investment in Canada sometimes seem equally oblivious to the fact that such investment has been largely responsible for our economic expansion since the war and for the fact that we enjoy one of the highest standards of living in the world. Likewise do they seem oblivious to the returns to the country in taxes, and finally there is the assumption that the chief result of this investment is a continuing flow of profits to south of the border. In point of fact it has been demonstrated that American-owned firms have a better record in the reinvestment of profits than do Canadian-owned firms. In recent years, according to Professor Macdonald, capital expansion of foreign subsidiaries in Canada has been "fairly evenly divided" between new capital inflows and reinvestment of profits.

This is no audience before which to take a partisan view – although on the topic I have chosen it is difficult not to do so. All I will say is that the latest example of the government's inclination to chase shadows and phantoms in its quest for Canadian autonomy is evidenced by certain provisions of Bill C-123 recently introduced by the Minister of Finance. This is not the forum for me to discuss what can only be evidence to our friends outside Canada that our government is determined to continue to enforce restrictions on the free flow of capital – or, as one more bit of evidence that the government may not mean what it says when it claims to welcome foreign investment or that the climate for foreign investment in this country may be somewhat chillier than some of us would like. I shall discuss this matter in another forum – all I say at the moment is that the exercise will merely serve to irritate without achieving any beneficial result.

The third bogey about foreign and particularly U.S. investment in Canada is that we run the risk of losing our political independence. The implementation of the national oil policy is but one piece of evidence to the contrary. This policy has been accepted by the great international oil companies, and no doubt it runs counter to their own global interests at times. But it is imposed and accepted without legal sanction, but with the moral authority of the government of Canada behind it. It is, as I say, evidence that Canada will continue to be mistress in her own house. Anyone who suggests otherwise does not know the temper of the Canadian people.

One could deal with this whole matter at very great length. Time will not permit. It may be that in certain fields the rules of the game should be changed before new players come in. That was done in opening our far northern resources for exploration and hopefully for commercial exploitation. But we should not indulge in the dubious pastime of changing the rules for those now here and whose arrival when they did come, we welcomed.

At the end of a three day meeting the Canadian-American Assembly on the Canada-United States relationship, issued a report which represented the consensus of opinions expressed though it was understood that not every participant agreed with every statement.

I quote the final paragraph:

> "Canada cannot survive without the United States and the United States has a fundamental national interest in

the survival and development of a strong, vital, free and independent Canada."

With that statement I agree, and on that note I close.

Thanks

Thanks of this meeting were expressed by Mr. Arthur Inwood, a Past President of the Empire Club.

NOVEMBER 16, 1964

The Present Evolution of Quebec, Its Meaning and Its Scope

AN ADDRESS BY The Honourable Jean Lesage,
P.C., LL.D., D.C.L.
PRIME MINISTER OF QUEBEC

JOINT MEETING THE CANADIAN CLUB OF TORONTO AND
THE EMPIRE CLUB OF CANADA

CHAIRMAN The Hon. Donald M. Fleming,
PRESIDENT
THE CANADIAN CLUB OF TORONTO

MR. FLEMING:

Judged by any standard the Canadian Confederation of 1867 ranks as a massive achievement and, we doubt not, a lasting one. To bring together separate colonies of diverse origins and to weld them, and later others, into a nation spanning the north half of this continent from sea to sea was a crowning triumph of statesmanship, vision and goodwill.

Equally it was a supreme achievement to hold the young country together in the critical decades which followed 1867. It is not always remembered, for example, that Nova Scotia openly sought to leave the Confederation, that in 1886 W. S. Fielding swept that Province and won every seat on a policy of taking Nova Scotia out of Confederation, that the election was followed by a unanimous vote of the Legislature and strenuous efforts by the Government of the Province in London to achieve this declared purpose.

The enlargement and safeguarding of the territory of the young nation, the strains of growth, the perils of wars, might well have daunted a less courageous and determined people than Canadians; yet, notwithstanding all her trials, Canada has moved steadily forward, past milestone after milestone – the status of an independent nation, leader in the evolution of the Commonwealth, a principal figure in world councils, and all the while matching her political strides with a massive economic growth. Truly, the Fathers of Confederation "builded better than they knew."

No country drawn from such diverse antecedents could be knit together on the basis of uniformity and repression. Confederation was achieved and maintained because it recognized and observed the right to diversity in language, law, religion, and culture. These differences exist, not as a privilege, but of unchallengable right. Speaking as a Canadian, one of whose ancestors fought at the Battle of the Plains of Abraham, not as one of Wolfe's soldiers, but as one of Montcalm's, I say very simply that these differences abide and always will. They are part of the warp and woof of the very fabric of Canada.

In recent years the gaze of many Canadians has been turned inwards, attracted and ofttimes fascinated by events in the Province of Quebec. The long, forward strides which have been taken in Canada's largest province are, I believe, not viewed grudgingly in other provinces, but rather with the utmost satisfaction, approval and goodwill.

Difficulties have arisen, and it is not always easy for Canadians in other provinces to understand them clearly, or to weigh them in the scales of history. But one thing remains clear: that there is a deep longing in Canada for harmony, mutual understanding and deep friendship with our compatriots in Quebec, and there is widespread recognition that Canada will attain her high destiny only if all Canadians, whatever be the race or tongue of their ancestors, hold each other in mutual respect and regard. We must all know each other better and serve each other better.

In the unfolding history of our time the Honourable Jean Lesage is playing a principal and most influential role. He was born in Montreal in 1912 and graduated from Laval University in Arts and Law. For five years he served Quebec as Crown Attorney. In 1945, when only thirty-three years of age, he was elected to Parliament for the seat of Montmagny-L'Islet. 1945 was a vintage year in Canadian parliamentary history. A month ago we welcomed to this Club another provincial Premier, the Honourable Ross Thatcher of Saskatchewan, who entered the House of Commons in the same year. From that date I think I can claim a personal friendship with Mr. Lesage which has survived the vicissitudes of these past two decades.

From the outset Mr. Lesage was both active and articulate in the House and its Committees. He showed himself to be a man of goodwill. I shall not forget his part in the luncheon meetings of a small group of new young Members from both sides of the House, some French-speaking, some English-speaking, who endeavoured to extend our use of each other's language.

In 1950 he was Joint Chairman of the Joint Committee of both Houses on Old Age Security, one of the most fruitful Parliamentary Committees ever appointed. If I remember correctly, I nominated him for that office.

By this time he was a marked man and a national figure. In 1951 he was appointed Parliamentary Assistant to the Secretary of State for External Affairs, and in 1953 to the Minister of Finance. Later in that year he entered the Cabinet, where he served for four years as the first Minister of the newly-formed Department of Northern Affairs and National Resources.

Following his election as Leader of the Quebec Liberal Party in May, 1958, he concluded a record of thirteen years' service in the House of Commons and election to give consecutive parliaments, resigning his seat to leave the Federal arena. Three years later he led his Party to success at the polls and became Prime Minister and Minister of Finance in the new provincial administration. In 1962 he consolidated his position with another victory at the polls. He has enjoyed a political record of unbroken success.

Mr. Lesage has chosen as his subject today "The Present Evolution of Quebec, Its Meaning and Its Scope."

MR. LESAGE:

May I, at the very outset, thank you most sincerely for the honour you have done me by your invitation to address you today, and say how delighted I am to have this opportunity of meeting a number of old friends. Membership in clubs such as yours and your presence here today are tangible proof of your interest in Canadian affairs and, if I may so interpret it, of your interest in Canada's two founding races.

If you will permit me, I should like to take advantage of this opportunity of speaking to such a representative audience to tell you something of what the people of my Province are thinking, and also something of the transition from the quiet revolution to what I may call the noisier evolution that is taking place in Quebec today.

This is not the first time that I have spoken on this subject outside of Quebec nor is it even the first time that I have done so here in Toronto. But it seemed to me that there are good reasons for my doing so today. For the pace of evolution seems to be so quick – changes seem to be taking place so rapidly – that it is not enough for us merely to pause, take a deep breath and reassess the situation, but we must also explain these changes not only to our own people but also to their fellow citizens of the other provinces.

It is with these thoughts in mind that I would like today to talk mainly about the more important principles – what I would call in French "les idées maîtresses" – that both motivate and inspire the decisions of the Government of Quebec.

Canada today faces two kinds of problems which, though distinct one from the other, are interwoven both in their cause and in their solution. There is first the problem of bi-racialism: what must be done so that French-speaking Canadians, both individually and collectively, will be on an equal footing with English-speaking Canadians? Then there is the problem of Canadian federalism: How can the highly centralized structure that grew up as a consequence of the great depression of the thirties and the great war be adapted to the peacetime needs of a country of such immensity as Canada with all its many diversities?

In the middle of these problems and at their meeting point – so to speak – is Quebec for which the stake is in my view greater than that of any other province because the survival of French Canadians and their future are involved.

Whatever may be the kind of action that it pursues, the Government which I have the honour to lead seeks above all to promote the welfare and development of the people of Quebec. We consider this to be our paramount duty and responsibility. I suppose that the same could be said of the other governments which have preceded us, except that so far as we are concerned we are not following the same methods as our predecessors. We seek to achieve tangible and positive results, as quickly as possible, without, however, losing sight of the principles to which Quebec has always adhered.

Thus we believe that it is essential to the development and well being of our people that Quebec should have the means of assuring not only the cultural but also the economic progress of its citizens. The ethnic factor is not the only one which requires that the responsibility for this progress be entrusted to the Government of Quebec and not left to a central government. There is also the fact that Quebec is behind some other provinces, that it must make up the lost time and that in consequence it needs to have a greater control of the pace of its own development.

As Quebec is the only province of the country in which

French-speaking Canadians are in the majority, it is inevitable that our action should have an influence upon the evolution of French Canada as a whole and by the same token upon that of the whole of Canada. You will not be surprised therefore that the Government of Quebec has traditionally been concerned with all Canadians whose mother tongue is French. This preoccupation of ours explains why Quebec is often spoken of as being the political expression of French Canada. It is, of course, well understood that the federal government is the government of all Canadians, but sociologically speaking it must be recognized that the French-speaking population of Quebec feels much more closely attached to the government of its province than to that of Canada. Nor are the French Canadians of the other provinces indifferent to what is going on in Quebec, because of the affinity that a common language creates.

For Quebeckers, this is not a matter of narrow provincialism: rather it should be regarded as the obvious consequence of the relative failure of our present political system, under which the French Canadian of Quebec feels really at home only in Quebec. This is not just a conjecture upon my part; it is a reality – a fact. I should not be honest if I were to hide this from you; I should not be a realist if I were to forget it.

This is an aspect of the Canadian reality – of the present situation – of which account should be taken in the elaboration of the new kind of Confederation that French Canadians would like to see.

The fact remains that one of the groups which founded our country, the French speaking group, identifies itself principally with Quebec, though it contributed to the creating of Canada; but, I may add, Quebeckers – excepting a small minority – have no intention of leaving confederation. However, in order to correct in some measure the situation Quebec firmly maintains the proposition that both of the official languages be used throughout the services of the central government.

It would also like the French speaking minorities in the other provinces to be treated as fairly as the English speaking minority in Quebec. In this connection, it gives me much pleasure, whenever the occasion presents itself, to pay tribute to the noteworthy progress that Ontario has made in this direction.

Quebeckers also think that the international image that Canada presents should at all times and in all parts of the world reflect the fact that it is made up of Canadians of both English and French origins. I have just returned from a visit to several countries of Europe and I must say that I noted a real improvement in this regard.

This having been said, a fundamental question remains: How, in the Canada of tomorrow, can we all succeed in giving to French speaking Canada – and more particularly to Quebec, which is in a way its mother-country – "sa mère patrie" – the place which belongs to it, and how can it play the role which it should have as one of the original partners in this rather daring but enthusiasm provoking venture, the founding of Canada?

There are many answers to this question.

The Canada of the future may be composed of ten provinces, as it is today, or the number may be reduced following the regrouping of some of the existing provinces; but I shall not discuss such a possibility. However, in either eventuality Quebec, as a distinct entity, will have a place to fill. What will this place be?

As Quebec will have a place to fill, I eliminate two extreme possibilities: on the one hand, that Quebec be swallowed up in a common melting pot, or, on the other hand, that Quebec be completely separated from the rest of Canada. I reject the first possibility as completely unrealistic and inadmissible; and as to the other, I would say that it would set Quebec upon a course that is opposite to the course I have just noticed in Europe and according to which different countries, at the price of how many trials and errors, attempt to unite what history has made separate.

What avenues remain open to us?

I think first of a Canada where all the provinces – ten or less according to the future political configuration of our country – would have more autonomy than at present, each discharging fully its constitutional responsibilities. And assuming that all of the provinces did want this broadening of their administrative functions, some of them would nevertheless wish to have some increased responsibilities that they consider themselves capable of assuming. In any event it is upon this course that Quebec is set. In this context all of the provinces would not necessarily have the same administration system, and the agreements that might be made between them and the federal government would not necessarily be the same for all the provinces, but would be better adapted to their own respective needs. This would not automatically preclude united action by the provinces, but henceforth the coordination among them would be of their free choice and would be achieved by their willing and active co-operation.

Or else, because of the particular position in which a different language and culture place it, Quebec might wish to assume responsibilities in which the other provinces have no interest; such a case has already cropped up. In such circumstances, Quebec in the long run might end up with a particular status, without for all this endangering the essentials of our federal system. One ought not to assume that this would mean a preferred or privileged status under which we might obtain by negotiation powers, responsibilities or advantages that we do not now enjoy and that would be denied to the other provinces. There is no question of such a thing, though it would not be either sensible or practical to reject in principle and beforehand the possibility of particular arrangements between one or more provinces and the federal government on matters which concerned that or those provinces and not the others. Such arrangements – financial in character – already exist with respect to the Atlantic Provinces. It seems to me that in every federal system, in every constitution, a sufficient degree of flexibility should be retained so that each of the constituent parts of the country ought not to be forced into a common mould, particularly when they differ one from the others.

I have mentioned the foregoing possibilities without commenting in detail upon them, first because I must say frankly that I do not know which possibility will become a fact, and also because I should like to leave it to English speaking Canadians – our partners in the founding of this country – to think about these matters over the weeks and months that lie ahead. Indeed this is what is being done by several groups in Canada who are at present at work: The Royal Commission on Bilingualism and Bi-culturalism, the Committee of the Quebec Legislative Assembly on the Constitution, and the Federal-Provincial Tax Structure Committee.

The problem I have attempted to outline today preoccupies us in Quebec; it should, for similar reasons, be of concern to you too. If by good luck or bad – according to one's point of view – you were or choose to remain indifferent, we of Quebec will nonetheless find a solution for we are devoting a large part of our efforts to find such a solution. Very simply may I say that I sincerely hope the fashioning of the Canada of tomorrow will be the result of the joint thinking of both English-speaking and French-speaking Canadians, not forgetting those who belong to other minorities.

To sum up, the rest of Canada must help Quebec to attain its objectives. Otherwise, if we are forced to act alone, we shall be inclined to assume attitudes – and it would be quite human to do so – which will be less and less understood and which would only succeed in pushing us into an isolation that truly we do not want. For if, as some fear, Quebec seems to be withdrawing from Canada, has the thought occurred that the rest of Canada may well hasten such a step by remaining more and more detached from the preoccupations and the aspirations of Quebec, whether it be because of indifference or of opposition?

By its present effort to assert itself as a distinct entity, economically and politically strong and self-confident, Quebec has changed a situation to which Canada as a whole had grown accustomed. Today our English-speaking compatriots must view Quebec in a different light. I admit that this involves a psychological process that is always difficult, indeed very difficult. As a matter of fact, some elements in Quebec have not even yet completely adjusted themselves to the reforms we have brought about in our own institutions. This is normal. But let us not forget that the government and the people of Quebec – much like the rest of our country – at present are facing prejudice and impatience that we all should seek to dissipate as quickly as possible. There are, among both French-speaking and English-speaking Canadians, extremists and people who simply will neither understand nor accept the reality of cold hard facts.

In assessing this reality as clearly as possible, Quebec of today is seeking, for the present and for the future, the economic, social and political conditions of an interdependence which will be conducive to its full development and which will be more worth-while than an independence which would risk being no more than an illusion. Personally, I believe that it is this course, which is both constructive and moderate, that Quebec should follow. In an interdependent society, each must accept the others. Upon our part, and I speak for all save a very small minority, we are ready to accept the problems and the difficulties of coexistence – of living and working together – because we can see the ultimate advantages that will accrue from doing so. We are ready to accept our partner – English Canada – as it is, and we have no intention of asking it to change its way of life or its culture. Is it prepared to do the same for us? Because we do want to be accepted as we are, having regard to Quebec's particular position in the Canadian Confederation.

I do not want to give the impression today that I am bringing what might be regarded as a "message" to English speaking Canadians, but I would like to express an opinion, based upon the experience I have gained while I have been Prime Minister of Quebec.

It seems to me that any Canadian political system which, upon the pretext that the sociological and cultural character of Quebec is only a passing phenomenon and of little importance, sought to fit us into a common mould against our will, and to force us to change our institutions and our way of life to conform to those of the other provinces, would from the start be doomed to failure. If we decide to bring our laws and our administrative practices into harmony with those of the other provinces, we want it to be because we have chosen freely to do so, without constraint. In a word, we want our decisions in these matters to be our own and determined by our own assessment of the facts and the needs of interdependence.

We also ask that in the Canada of the future – a Canada for which our minds are gradually being prepared by a mutual awareness of common problems and by concrete gestures which bespeak mutual understanding – yes – we ask that in the Canada of the future there be given to the French Canadian entity, and to Quebec, its mainstay, a dimension which alone can ensure the true equality and the mutual respect of French- and English-speaking Canadians. This, in essence, I believe to be our position on Canadian federalism.

Gentlemen, I have just tried to give you, as frankly and as honestly as I could, the opinion of the immense majority of the citizens of Quebec. I could not have done so two or three years ago. Since then, we have been thinking out and attempting to define our aspirations. They are by no means revolutionary and they will come as an unpleasant surprise only to those who have not yet grasped the true meaning of our recent evolution. I hope that they will help our English-speaking compatriots to understand what we mean when we speak of a new kind of Confederation.

Above all, I hope that my words will help to dispel the misunderstandings which could so easily estrange from each other the two founding races of our country, this Canada that we all want to see great and prosperous, for it is *our* country, yours and mine.

Thanks

Thanks of this meeting were expressed by Lt. Col. Robert H. Hilborn, President of The Empire Club.

COLONEL HILBORN:

Nous du Club Empire du Canada somme reconnaissant de cette opportunité de nous joindre avec nos confreres du Club Canadien de Toronto, afin de vous recevoir Monsieur Premier Ministre. Je vous assure Monsieur, la reception que vous avec recu indique le désir, non seulement de ceux present, mais de tout homme de bonne volonté dans cette ville, et province, de participer a tenir ouvert le dialogue qui nous unira dans en sens réel.

Mr. President, Mr. Prime Minister. We of The Empire Club of Canada are grateful for this opportunity of joining with our confreres in The Canadian Club of Toronto to receive you, Mr. Prime Minister.

I assure you, sir, that the reception you have received is indicative of the desire, not only of those present, but of all men of goodwill in this city and province to play our part in keeping open the dialogue that will unite us in a real sense–a true dialogue that will replace the "two solitudes" which have imprisoned English-speaking and French-speaking Canadians alike–and a real unity and not just tolerable co-existence.

The fact that the great majority of us outside of La Belle Province, like myself, are not bilingual must not prevent us from speaking the same language when we talk of Canadian unity.

We welcome and applaud your rational and positive approach and on behalf of the members of The Canadian

Club of Toronto and The Empire Club of Canada and our guests I thank you for being with us and presenting it so ably.

* * *

Nous acclamons et applaudissons votre approche rationnel et positif. De la part des membres du Club Canadien de Toronto et du Club Empire du Canada, et de nos invité, je vous remerci d'etre avec nous et de le présenter si clairement.

NOVEMBER 19, 1964

A View From the North

AN ADDRESS BY Mr. Roger M. Blough
CHAIRMAN OF THE BOARD
UNITED STATES STEEL CORPORATION

JOINT MEETING THE CANADIAN CLUB OF TORONTO AND
THE EMPIRE CLUB OF CANADA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

The birth of Rogers Miles Blough, at Riverside, Pennsylvania in 1904 must be a source of great satisfaction and pride to Pennsylvanians as sometime prior to that noteworthy event Pennsylvania had been referred to as a State that had produced but two great men: Benjamin Franklin of Massachusetts and Albert Gallatin of Switzerland.

Mr. Blough, the hard driving Board Chairman of United States Steel Corporation, after graduation from Susquehanna University, which he now serves as a Member of the Board of Directors, taught school – eight grades in one room. After three years of training young minds during which time he felt the pull of both the Church and the Bar he decided with Gilbert and Sullivan that "The Law is the true embodiment of everything that's excellent". He married, entered Yale Law School, was graduated in 1931 and joined the legal firm of White and Case in New York City. His success on a U.S. Steel case led to his becoming the Company's General

Solicitor in 1942. In subsequent years he held the successive positions of Executive Vice President and Secretary; Vice Chairman of the Board and in 1955 he succeeded Benjamin Fairless as Chairman of the Board of Directors and Chief Executive Officer.

Mr. Blough has received 14 honorary degrees including LL.D., and D.C.L. It is also to his credit that he resolutely declined to accept and add to the list other less honorific letters appended by a President of the United States.

Last year Mr. Blough received the National Football Foundation and Hall of Fame's Gold Medal Award. We are delighted to know this, Sir, as we in Toronto are very strong on football – unfortunately our team isn't, but we are.

About Mr. Blough, Mr. Fairless said, "he has many assets, but if I had to narrow them down to one, I would say that Roger's greatest ambition is to have a job well done – he is an organization man not an individualist".

A worthy successor to Carnegie and Schwab who runs the largest steel producing organization in the world and directs the activities of 250,000 employees – a leader with a capacity for hard work, highly respected for his modesty but a trumpet that does not give an uncertain sound – it is my great privilege to present and our honour to receive Mr. Roger M. Blough who will speak on "A View from the North".

MR. BLOUGH:

To be invited to speak to the joint membership of The Canadian Club and The Empire Club is an honour which I greatly appreciate. The fact that these two distinguished organizations are meeting together here, today, displays a sense of unity and co-operation that is especially refreshing to one who has just weathered the oratorical storms of another presidential campaign south of your border.

But now that the sound and the fury have ceased, I need hardly tell you how pleasant it is for me to visit your hospitable country and to enjoy the comparative peace and tranquillity that always seem to prevail here – or could I be mistaken? I confess, however, that my own feeling of tranquillity would be greatly enhanced if my role today were that of a listener rather than a speaker; for no matter how often I come to Canada, or how deeply I delve into the vast mountain of print about our mutual problems and relationships, I feel that I am inadequately prepared for an assignment like this.

Nevertheless, I shall persevere in the hope that some seed of economic truth may be found in these remarks, and perhaps even flower for a fleeting moment.

In this effort my Canadian friends have been helpful. True, they have differed widely in their advice as to what I should discuss, but they have agreed unanimously as to what I should not.

"Whatever you do," they said "don't indulge in any of those sentimental platitudes about the longest undefended border in the world. Canadians are very sensitive about that."

And this, of course, is understandable because the mere thought that the boundary which divides us politically might somehow vanish in the night is quite as disturbing to some of us in the States as it is to you. Heaven knows, we have troubles enough of our own, and we certainly aren't equipped to handle yours – especially since Betsy Ross, who created our flag, has not been around for rather more than a century.

Seriously, however, I have often thought about what our attitude at home might be if the situation respecting our two countries were completely reversed – if south of the border we had a land nearly one third larger than yours, rich in all the resources you possess, but with a population of only 19 million or so, while north of the border, you had a population of 193 million, a gross national product 15 times the size of ours, and the large capital resources needed to develop fully the great industrial potential that is yours.

Well, certainly we would be very conscious of the fact that you outnumbered us ten to one. We would be deeply concerned about preserving our national identity, our political sovereignty, our cultural heritage and our individuality as a people – not because we would suspect you of seeking, or even wishing, to annex us; but rather in the fear that you might simply engulf us as you grow. So perhaps we might want to check every once in a while to make sure that the border was still there.

We might also be a little sensitive about the fact that our airwaves were filled with Canadian music, our television screens with Canadian movies, our papers with Canadian comics and our magazines with Canadian fashions. We would follow closely all the political, economic and social developments in your country and debate their effects upon us. And in the end, we would probably know a great deal more about your affairs – your geography, your history and your government – than you would know about ours.

We would feel, no doubt, that this lack of knowledge on your part indicated a lack of interest in us or that, at best, you were inclined to take us for granted. Many of us would resent this, while you in turn might be puzzled – and a little hurt, perhaps – to find that your warm friendship for your neighbours to the south did not show through.

Nevertheless, you would understand – and sympathize, I am sure – with our unwillingness to become a mere tail to your kite, and our determination to stand on our own two feet, to assume our full stature among the nations of the world, to make our own decisions and our own mistakes, and to play our own part in world affairs in accordance with the dictates of our own conscience and our own best judgment.

So when we look at our relationships this way, it would seem that we really understand each other better than we thought. And indeed, it would be surprising if we did not, for as Prime Minister Pearson has said: "Our two peoples are closer together in more ways than those of any two separate nations. We talk together and in the same idiom.

. . . We react in the same way to the same frustrations. . . . We are all mixed up together."

And let me add that we both have the same deep-seated love of independence.

The recent Arden House conference reported: "The bedrock premise of the Canadian-American relationship is the independent existence and the equal sovereignty of both nations. Whatever the disparity between the two countries, the relationship must always embrace two nations of distinctive worth."

And that, I believe, is axiomatic. As we face our many mutual problems, any action taken by your government concerning them will undoubtedly be based upon your own conclusions as to what is best for Canada. And that is as it should be for I cannot imagine how any solution which worked to the ultimate detriment of your country and your economy could conceivably be of lasting benefit to ours . . . and vice versa.

At the same time it would be disastrous, I think, to permit a spirit of independence or nationalism which flourishes on both sides of the border to blind us to the fact that our two politically independent countries are economically interdependent, that they are becoming more so, and that they will necessarily continue to be so, come what may.

So, with your kind and thoughtful indulgence, I should like today to look at some of these economic problems in the context simply of what I would think is most likely to benefit Canada.

In other words, I should like to abandon, temporarily, my usual vantage point from south of the border and, instead, take the view from the north – if for no other reason than to enlarge my own perspective. This, I realize, has its difficulties; but I hope, at least, to be more successful in achieving objectivity than the author, back in the States, who many years ago wrote a book entitled "An Unbiased History of the Civil War from the Southern Point of View".

Now in any examination of our mutual problems in the economic area, the first thing that strikes us, I suppose, is that they are, in many respects, essentially the same. For example, we both are concerned with the problems of unemployment, although in recent months the situation here in the north appears to have improved more than it has south of the border. We both have been plagued by union-management problems which at times have been painfully noticeable. But the most bothersome of all of our unsolved problems, surely, is the persistent problem of international payments on both sides of the border. The United States has had a deficit in these payments for 13 of the last 14 years, and quite serious ones in recent years, while you also have had similar difficulties in many of these years.

When it comes to export-import trade, Canada is way ahead – relatively speaking. On a per capita basis, its total world-wide trade exceeds that of the United States by about three times; and of the $374 worth of goods you sell abroad for each Canadian, $206 worth goes to the States. In contrast, our exports to Canada amount to only about $22 for every person living in the States. But still, of course, you have a trade deficit in these transactions between us, and you want at least to bring them into balance. Viewing this problem from the north, then, it would seem to me that the most significant fact revealed by these figures is that each of our two nations is the best customer the other has. Nearly 60 per cent of your total exports go to the States and, while only about 20 per cent of ours come to Canada, this is a larger percentage than we sell to any other country in the world.

Now one thing we steelmen in the States have learned is that there is no substitute for a good customer; for in the lean years through which our industry has recently passed, these customers were few and far between. We followed their income statements almost as closely as our own; and we wanted to be very sure they prospered. Certainly we wanted to see that nothing we did injured their ability to buy from us. And in the same way, it clearly behooves each of our nations to promote, if we can, the prosperity of the other, and to prevent, by all appropriate means, any diminution of the other's buying power.

That, too, I think is axiomatic; for the more I look into our interwoven economic affairs – the commingling of assets, of business opportunities, of investments and of interests – the more I am convinced that business in the United States is heavily dependent upon Canada, and that Canada's is likewise dependent upon ours. For I cannot hold with the easy assumption that in the matter of trade, we are more important to you than you are to us. This is like saying that three wheels of an automobile are more important than the fourth one – a fallacy, I might add, which is easily punctured.

So preserving the political borders and the sovereignty of our two nations as we shall, let us recognize that the business borders are becoming less and less distinct as they properly should.

But many of you have an understandably nagging worry that can affect decision-making both in the agencies of government and at business levels. You are concerned by the heavy influx of capital from the United States. You recognize that to the extent it exceeds the interest and dividends it pays, it helps materially to lessen your balance of payments problem. You also recognize that it has enabled you to develop the natural resources and the industries that provide so much of the product you export to the States and to the world. You are aware that without these large investments, your trade balance problems would be multiplied enormously.

But granting all this, you feel that these foreign investors are too numerous, that they have too much capital, that they control too much of your business, that they manage these enterprises primarily in their own interest rather than in the Canadian interest; and in short, that you may be – as I have said – "engulfed". These fears prompt you to wish to inhibit this flow of foreign capital; but your balance sheet tells you to attract and welcome it. So you are of two minds about it, and the issue is not yet resolved. As an illustration of this, I might point out that when the Interest Equalization Tax was proposed in the United States, you were deeply concerned about the inhibiting effect it would have upon the flow of capital northward across your border; and your prompt and vigorous protests succeeded – almost overnight – in having new issues in Canada effectively exempted from the operation of this levy.

Yet your government, in turn, has sought to make Canada less attractive to foreign capital by providing an additional 5 per cent withholding rate on dividends from corporations having less than 25 per cent Canadian ownership. You have also proposed that if 25 per cent of the shares of insurance and trust companies are foreign owned, the officers of these companies can be fined or even imprisoned – a situation which certainly makes life hazardous for these gentlemen, especially since it is so difficult to determine at any moment in time whether 24 or 26 per cent of a company's shares are owned abroad.

Both of these actions would tend, of course, to inhibit the flow of capital from the south, and seem therefore to be somewhat in conflict with your concern regarding the Interest Equalization Tax. But searching for the jewel of consistency, as I do in these matters, I find it in the fact that you naturally prefer to do your own picking and choosing among the inhibitors to the flow of foreign equity capital. Which is also understandable . . . from the northern point of view.

I cite this, however, only as an illustration, for it is neither my province nor my wish to comment on your governmental actions. Rather, it is my purpose to discuss our mutual economic problems purely from a business point of view, or – to rephrase that slightly – from the point of view of good business, and therefore from that of the consumers and wage earners in both countries.

And the first thought I wish to leave with you is that if our two nations are to create more jobs and to enjoy better living, we must recognize two things: the value of broader markets and the size factor in business units.

Here in North America, the days of a primarily agricultural social existence are behind us. Ours is a mass production, mass consumption society. Our people are not willing to go without automobiles, airplanes, radios, television, better foods, finer clothing, homes with modern conveniences, modern educational facilities and all the other prerequisites that make for a fuller, more adequate life.

And the degree to which that more adequate life will be achieved in Canada, as in the States, depends upon the pace of industrial development . . . upon highly skilled and adequately educated people, and upon their having the opportunity and the facilities – the tools, plants, machines, and all the capital equipment – necessary to carry out their respective work assignments, their research, and their intricate operations, efficiently and competitively.

In today's world, industrial development – and trade – depend inevitably upon businesses of all sizes, from the family store to the huge enterprises that have to do the large-scale jobs, and that require enormous capital investment. In a few days the longest suspension span in the world – the Verrazano-Narrows Bridge across the bay between Brooklyn and Staten Island – will be officially opened. To produce the components of this bridge required the united skills of many industrial units, but only the largest companies could have constructed it. And so it is with many other undertakings.

Now these larger business units not only thrive on larger markets but, indeed, require larger markets for survival; for there is such a thing as the economies of scale. How to achieve these larger markets may be debatable, but there is little question about their necessity. You can do almost anything if you have a market. You can increase your output, you can provide jobs for your people, you can enjoy higher wages, you can raise capital to assist you in acquiring the plants and equipment you must have if you are to serve that market, and you can utilize your extensive raw materials.

Markets are essentially people who are willing and able to buy; and today your largest export market – the United States – is expanding at a most obliging rate of almost 3 million people annually. This means that about every 6½ years, the *increase* in the number of people in the States equals the total number of people in the present Canadian market.

Now what does this mean for Canada, or for any province in Canada, or for the United States and any of its individual states? In the simplest terms, I think, it means that any attempt by a nation to be completely self-sufficient industrially is the height of economic folly.

Neither of our two countries, with its own raw materials, its own capital, and its own domestic market could possibly provide or support the production of all of the things that its people insist upon having. So the ultimate choice is to permit the freer flow of capital and goods, to encourage the creation of such businesses – and jobs – as can be sustained . . . to tax, of course, but to tax wisely with an eye to increasing business activity instead of throttling it.

Tax laws designed to protect residents against non-residents may have their nationalistic appeal on both sides of the border, but inevitably they must do more harm than good; for capital will flow where it is invited and where it has at least an equal opportunity.

The road to industrial expansion and industrial strength is the road to national security and to better living. To pursue any other road – however inadvertently – must lead eventually, it seems to me, to loss of position, to stagnation, to an exodus of talented and ambitious youth from local communities, and to retrogression instead of progress.

Undoubtedly there will be temporary measures and the continuance of some institutional devices designed to hold home investment for local people and to maintain a percentage of home ownership. These will be tried, and perhaps may appear to operate successfully for a time – but only for a time, I believe. In the end, sustained growth will be found only by reducing–not increasing–the deterrents to profitable capital investment.

The second point I should like to make is this:

Each of our nations has a balance of payments problem, as I have said, and these are of concern on both sides of the border. And since each of us is the best customer the other has, these payment problems are a matter of mutual–not individual–concern. To seek to solve the problem in the States, for example, by methods which would increase the problem in Canada, would be a cruel policy, not only in its effect on Canadians, but also–in the long run–on the people of the United States.

So I believe that the best and only answer lies in the internal, or domestic, policies of each nation.

Today the United States is trying to improve its balance of payments and to protect the position of the dollar not so much through the imposition of damaging controls and restrictions that would be injurious to the trade of other countries, but primarily in a number of other ways.

Our government is trying to hold down on its expenditures abroad, both in the fields of defence and foreign aid. The demands are endless, of course, but there are limitations on the extent to which one nation can go in trying to strengthen and bolster the free world. At the same time it is seeking to expand its exports overseas.

In our economy domestic interest rates were raised as an aid to making domestic investments more attractive to capital. And finally our government is seeking to pursue fiscal policies that are designed to retain world confidence in our economy and our dollar.

Many in government are sincerely trying, I believe, to contain federal, state and local expenditures which have increased approximately ten-fold in the past quarter-century and which now take about 35 per cent of our National Income. Many of these expenditures are prudently required for defence, of course, but many are for other types of things including social benefits.

Now all of us undoubtedly would like to see greater social gains for everyone; but these gains must be earned and paid for by those who do the earning. If we, in the States, desire greater social benefits than we can afford, too much of our Gross National Product will be sopped up by taxation; and this will not only hurt the prosperity of our country, but of yours as well, because of our interdependence. The same, of course, is true here.

We may struggle with balancing our payments till we are blue in the face, but in this modern industrial world, the problem will be solved only when there is discipline in spending, and when there is strength in the elements of a nation which give it industrial strength.

So recognizing that taxation is one of the factors basic to a healthy economy, it is gratifying to me – as it must be to you – to see that the United States – in addition to questioning expenditures – is moving in the direction of reducing the tax burden.

Now one thing of great importance remains, and that is the policy which Canada and the United States will pursue with respect to trade with each other. Will the deterrents at the border increase or diminish? There already exists a high degree of business integration between our two countries; and looking at it from the north, I have yet to find representatives of any major industries who suffer from this relationship or would wish to see it curtailed. On the contrary, there have recently been informal indications from businessmen in at least half-a-dozen of Canada's major industries to the effect that your nation, your consumers, your workers, and your industrial expansion, would benefit – not suffer – from what I shall term "less inhibited trade".

Now no one, I am sure, speaks for all industry, or for all of any single industry. Nevertheless, there is certainly a large group of thoughtful business leaders here who seem to welcome the gradual elimination of deterrents to more business between our two nations. They appear to believe, moreover, that this is entirely sustainable from the Canadian point of view. And why would this not be so? Canada has a wealth of raw materials within its own boundaries. Its hourly employment costs are generally less than those in the United States and as much as 25 per cent lower in some cases. And the fact that your dollar sells at about 7 cents less than ours, is an added advantage to you in reaching our markets.

In the steel industry for example, all three of these factors have been of advantage to your industry. In the past five years, the shipment of steel products from Canada to the United States has increased from less than 48,000 tons to nearly 583,000 tons–or more than 12 times. Contrarily, shipments from the United States to Canada have declined from more than a million tons to 313,000. This adds up to a situation not calculated to cause U.S. steelmakers to jump for joy.

I have also noted with interest press stories relating to the thorny problem of trade restrictions on automobiles and parts. If I read this story correctly, it seems that further arrangements may possibly be forthcoming to the mutual satisfaction of Canada and the United States which, if adopted, would reduce deterrents to trade in this field. Such arrangements, I am sure, could be of benefit, rather than injury, to Canadian manufacturers.

For example, you also have the experience of duty-free agricultural machinery and equipment which, as a World War II measure, were freely traded over the international border and have been ever since. I need hardly remind you that Massey-Ferguson seems not to have been hurt by this liberal trade policy.

As changes of this kind eventuate–and inevitably they must, I think–the development and expansion of new and existing Canadian industries with attendant job opportunities will automatically result; for industrial insularism is not the answer to national growth. But the opposite to insularism can be electrifying. It is said that no man is an island unto himself – and neither can a nation circumscribe its busi-

Roger Blough, November 19, 1964

The Hon. W. Earl Rowe and Mrs. R. H. Hilborn, December 18, 1965 ness units without suffering a case of arrested industrial development.

It is true that the freer flow of capital and trade both ways across the border will bring increasing competition; but competition under reasonably similar ground rules has never hurt the economy of any nation. For it is competition that removes from business the barnacles that slow down the boat of industrial progress.

Our real problem is the creation of industrial strength; for when we do that we create jobs, thus simultaneously creating the other productive strengths upon which each of our nations must depend.

Summing it all up then, what are the advantages and disadvantages of removing–gradually but perseveringly–the inhibitors to the flow of trade and capital?

Well, for one thing, it surely need not lead to a loss of sovereignty on either side of the border. That question lies exclusively in the control of the nation affected; and Canada's future will be determined wholly and finally by Canadians. Merely doing the things that foster trade, provide jobs, open markets, and stimulate growth of Canadian business will not impair sovereignty one iota.

The concern for national individuality is an understandable and proper one–on both sides of the border. It is not, however, a substitute for industrial progress. It alone does not insure more of the better things for more people. The claim to individuality is as valid and essential as life itself, but like life, it must be clothed and fed and housed if it is to survive. Moreover, I would point out that the price of maintaining individuality in the world of today is the attainment of industrial strength and the increasing and updating of industrial capability. Nor is it the influx of capital from abroad that threatens to engulf the cultural heritage of Canada or any other nation, let me say; for the "control" which investors supposedly exercise over any enterprise is more theoretical than real.

The ultimate control, it seems to me, rests always in the hands of the customer – wherever he may be – because in the last analysis it is he who determines the policies of the business and the quality, price, kind and quantity of the products or services it sells in the market place. The better an enterprise serves its customers, the better, surely, it will serve the nation in which it operates; and if it fails to serve the customer to his satisfaction, it will certainly benefit nobody.

And that also is axiomatic, I believe. But if any nation does wish to exclude foreign capital it can do so quite simply. Let it merely continue, over the years, to spend more than it earns, and it will shut off the flow of such capital very successfully, without resorting to artificial restrictions.

The existing fact of life confronting us, then, is that there is so much trade between us now and our business interests are so interwoven that neither country can afford anything less than the soundest economic policies – the ones most conducive to growth, to the free flow of capital, to the creation of jobs, to the movement of goods as freely as possible, to more abundant choices for consumers and to an improved standard of living for all.

So to me, it is a question of how – not whether – to move towards the more uninhibited flow of trade and capital between the States and Canada. It is also a question of when – and how rapidly.

The importance of finding the right answer to these questions cannot be minimized. And if your answer is what I suspect it will be, it seems highly probable that it is we, to the South, who will be worrying about your economic influence in our markets. But whatever course you choose to take, we wish you well, for economically we are an inseparable part of you.

Thanks

Thanks of this meeting were expressed by Mr. George Gathercole, Vice-President of The Canadian Club.

NOVEMBER 26, 1964

A Tale of Two Cities

AN ADDRESS BY The Honourable
Mitchell W. Sharp, P.C.
MINISTER OF TRADE AND COMMERCE

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

For a few years after the war, it was my lot to be engaged in the primary textile industry–specifically woollen manufacturing–a pursuit generally regarded as uneconomic in Canada but one rich in experience and full of opportunities to exercise one's energy and contrivance, mainly, in attempts to gain sympathetic and authoritative ears in Ottawa. As a delegate on one of our periodical pleas for preservation I, with my fellows, was very courteously received by Mr. Bull, then Deputy Minister of Trade and Commerce, who early in our discussion summoned his assistant. With all respect to Mr. Bull, the clearest recollection I have of those several meetings in Ottawa is the impression made upon me at the first one, by this red headed young man who obediently appeared in the doorway and proceeded to demonstrate a most comprehensive grasp of our problem. The fact that it didn't appear to admit of solution is no reflection on the ability of the Assistant Deputy Minister, regarded as one of the most able in Canada's history. I offer this fairly gratuitous autobiographical titbit merely to establish the fact that I speak today as one who has some knowledge of, and who has remained impressed by, our speaker's accomplishments.

After leaving the Government Service in 1958 he filled with distinction the demanding and responsible role of Vice President of Brazilian Traction Light and Power Company from which he resigned in 1962 to contest the Toronto-Eglinton Federal Riding as a Liberal candidate. His narrow defeat did not produce a paralysis of hope. He succeeded in the election of 1963 and was named Minister of Trade and Commerce. His long and broad experience in international negotiations both as a Director of the Economic Policy Division of the Department of Finance and as Associate Deputy Minister of Trade and Commerce fitted him in an exceptional way to lead the Canadian delegation to the Gatt Meeting in Geneva which launched the "Kennedy Round" of tariff negotiations and also to negotiate the biggest wheat deal in Canada's history with the U.S.S.R.

We are particularly grateful to you, Sir, for coming to us during this time of public lavation in Parliament when the detergents of democracy seem to have reached a new suds level.

It is both an honour and a pleasure to present a Canadian entitled to the respect and esteem of men of whatever political faith, a man who, sensible of the abuses that sometimes come to disfigure the administration of popular government, has never lost a jot of faith in popular government itself. I may add that he has a capacity and propensity for telling the truth, which is not always to the advantage or satisfaction of those who ask for it.

Gentlemen, our Minister of Trade and Commerce, the Honourable Mitchell Sharp.

* * *

Mr. Sharp has been unable to fly from Ottawa today because of unfavourable weather conditions and he has asked me to deliver his address.

MR. SHARP'S ADDRESS AS READ BY COLONEL HILBORN:

On Monday of this week, I spoke in Montreal to the Canadian Club. On Thursday, I am here speaking to the Empire Club of Toronto. One of my friends suggested that I should call this pair of speeches–"A Tale of Two Cities."

This is most appropriate because the two cities Charles Dickens referred to in the novel of that name are, of course, the centres of the English-speaking and French-speaking worlds–London and Paris–and I am speaking in the same week in the principal French-speaking and the principal English-speaking cities of Canada. Moreover, as I recall the circumstances of Dickens' novel, there was a revolution going on in France at the time, and there is a revolution–albeit a quiet one–going on now in French-speaking Canada. Perhaps, like Sydney Carton as he was being led to the guillotine, I should begin:

> "It is a far, far better thing that I do,
> than I have ever done. . . .".

Certainly it is a more difficult thing. I approach such delicate matters as the relations between English-speaking and French-speaking Canadians, and federal-provincial relations, with some trepidation. I know too that the Prime Minister of Canada, the Prime Minister of Quebec and the Prime Minister of Ontario have all been speaking about these matters and with the authority that derives from their high offices.

In this address I have no pretensions.

I speak to you particularly as an English-speaking Canadian, born and educated in Western Canada, who has lived many years in Ontario, who now represents a Toronto riding in Parliament, and who is trying to learn to be a Canadian.

So far as I can observe, the nearly 20 million other inhabitants of this country are attending the same school. We are all learning to be Canadians, whether we have recently immigrated, whether we are the sons and daughters of immigrants, or whether our ancestors came to New France or were United Empire Loyalists. And we are all teaching one another.

I venture to say that the citizens of no other country spend so much time in self-examination. We love introspection. We delight in parading our self-doubts and our confusions not only before ourselves but before the world.

One reason for this self-consciousness, I suggest, is that we are trying to explain ourselves by standards drawn from outside. We are trying to explain why we are not like Americans, or Englishmen, or Frenchmen, or Australians, or Swiss. We tend to apologize for the differences between ourselves and others and to hope that in due course we shall become like other people, fall into a recognizable category, and become understandable to ourselves and to outsiders. To which I say "vive la différence."

I suggest, too, that this is the root of the separatist movement, in both Quebec and English-speaking parts of Canada. The separatists, whether French-speaking or English-speaking are not revolutionaries; they are reactionaries. They want to make Canada or their particular parts of Canada over to fit their conventional ideas of nationhood, ideas which are fast becoming out-moded and old fashioned.

We talk about the search for national identity. It seems to me that we should make the assumption that we have a national identity, even if we cannot find the words to define it. Englishmen do not seem to find it necessary to explain themselves, or Frenchmen, or Americans, or Australians, or Swiss. They are what they are; we are what we are; and I see no reason to think that we suffer by comparison.

Sitting in the House of Commons the other day, I remarked to one of my colleagues that Canada is a h--- of a country to govern. He agreed, but restored my sense of perspective by asking me which country I would prefer to try to govern. I made a quick mental tour and decided that I had no desire to switch countries. Look around you at the troubled world outside Canada and I am sure you will agree with this judgment.

Other countries have more than one official language, but how many are blessed as we are with two of the great universal languages of the western world – French and English. To know both of these languages is an invaluable asset in this rapidly contracting world. To live in a country where both languages are not only taught, but spoken, should be considered a great privilege, not a hardship.

The people of Canada comprise many ethnic stocks but a very high percentage of them trace their origins to Europe, have broadly similar cultural patterns and are adherents of religions in the Christian-Judaic traditions. The differences between us are insignificant in comparison with the similarities. The differences add to the variety and the spice of life; they do not involve insurmountable problems of social adjustment. I was reminded of this when I was in Malaysia recently and saw that courageous young nation endeavouring to forge national unity under severe external pressure between ethnic groups whose respective languages, religions and general approaches to life have little in common.

The people of Canada are in fact a remarkably compatible group in terms of race, colour, language and culture. They should be able to get along with one another if any peoples can. Moreover, while our history lacks drama in the sense that it is not filled with accounts of repression, bloody civil war and insurrection, it is for that very reason free from the remembrances that embitter the politics of so many countries. Canada is the prime example in the modern world of peaceful evolution from colony to full independence and political freedom.

Nor is any outside power seeking to exacerbate our internal differences for its own purposes. Britain does not champion the cause of "les anglais" or France the cause of French Canadians. The United States has abandoned its doctrine of manifest destiny in favour of the good neighbour policy. We are being left strictly alone to solve our own problems as we see fit. Even the Communists find disappointingly little with which to foment internal trouble and seem to have abandoned us to our fate–for which we are truly grateful.

In short, we live in a land where reason has every opportunity to prevail in the conduct of our affairs. We are not cursed by a history of slavery or tyranny. Civil war has not been of such dimensions as to set family against family. No one seriously threatens our borders or conspires with our citizens against the authority of the state. There is no religious persecution; no widespread destitution. We have no colonies.

Is it surprising that Canada does not make many headlines in the world press, or that Canadians are sometimes thought to be dull and our politics to be lacklustre?

It is only when we seem to abandon reason and to let violence and extremism take over that we make the headlines of the world press. "A bomb in a post-box–threats of violence against the Queen." These events, however unrepresentative they may be, are good copy. Then we compete for world headlines with violence in the Deep South, bloody rebellion in the Congo, the explosion of a nuclear device in China.

Travelling abroad as a younger man I wondered why there was so little news of Canada in the local press, even in world centres like New York, London and Paris. It annoyed me when these same newspapers carried despatches from other smaller and what I considered less important countries. Now I recognize the truth of the saying that no news is good news.

Pray God Canada stays out of that kind of headlines, for that will mean we have continued to deal with our problems as reasonable men by negotiation and agreement, which seldom makes good copy, even if it does make good sense.

So let us get on with the discussion of our problems, not in a crisis atmosphere, but as befits the citizens of a most fortunate country.

As a contribution to that discussion, I propose to put forward briefly the convictions I have formed in the process of learning to be a Canadian. First, my credentials and background. I speak as an English-speaking Canadian, second generation, of Scottish parentage, a representative of one of the so-called founding races. I was educated and lived the first thirty years of my life on the Prairies. Then I moved East to Ottawa and to Toronto. Until I moved to Ottawa I had virtually no contact with French-speaking Canadians, and knew little about them. I knew a good deal more about my fellow-Canadians in Winnipeg who had immigrated from the Ukraine, from Poland and from Germany, and more about my fellow-Canadians from the Maritimes. In Toronto, I came to know better those excellent citizens of Italian, Greek and Portuguese origins who have joined our English-speaking society.

It took me many years to realize that Canada is not what I thought it was in my younger days, and to begin to understand the problem of national unity. Looking back, I realize that for the first and most impressionable years of my life I lived in the heart of one of our two solitudes.

If this were a unique personal experience I would not bother to describe it. I have found that far from being unique, it is typical of my generation of English-speaking Canadians living outside the Province of Quebec, including many of my fellow Members of Parliament.

From this experience and observation, I draw a simple and obvious conclusion: there are two societies in Canada, an English-speaking society comprising various ethnic groups, to which I belong and a French-speaking society.

The second simple and obvious conclusion is that the existence of these two societies is fully compatible with the development of our nation-state. Canadian history is there to prove it. Under its federal constitution and with its two societies, Canada has grown, prospered and taken its place among the other nation-states and does not suffer by comparison with any.

I have also learned that French-speaking Canadians are determined to preserve their special heritage and unquestionably will do so. This, I have found, is by no means fully understood and accepted in all parts of Canada. To paraphrase the lyrics from a well-known musical comedy, there are many English-speaking Canadians who, like Professor Higgins, wonder plaintively "Why can't French-Canadians be like us?"

As I learned these simple facts I abandoned any ideas that I might have absorbed from my youth about Canada being a great melting pot which in due course would produce unhyphenated Canadians, as much alike as possible. Instead I began to catch a glimpse of the true destiny of Canada as a country in which diversity is something to be preserved and nurtured, a model for the many multi-national states that have recently emerged and are now emerging, and a counterpart of the movement towards political consolidation in Europe and elsewhere.

Before many years have passed the typical political unit may be multi-national. That is why I said at the outset that separation is so old-fashioned, an attempt to turn back the clock. I wish separatist minded Canadians could travel a bit more – inside and outside of Canada – to gain a better perspective on this great land in which we live.

It is not by accident that Canada's reputation as a peacekeeper, as an honest broker, has grown. It springs directly from the principle of our nationhood – unity with diversity.

A bilingual, bicultural or multicultural Canada – I do not care which term you prefer – I have come to accept and to value. I have not become reconciled to the existence of two solitudes, of two societies that live apart, unable to communicate effectively and easily, strangers to one another. I have no sympathy whatever with those who want to keep French Canadians, or for that matter English-speaking

Canadians, to themselves uncontaminated by contact with their fellow Canadians.

Learning to be a Canadian not only involves learning to accept and to value diversity, it also means learning to communicate with those who belong to the other society and to share in common experiences and common enterprises, to live side by side anywhere in Canada. It includes learning to be a member of both societies. Impossible? Impractical? Not any more impossible or impractical than the survival of the French Canadian society in the North American Continent must appear to those who have not witnessed this miracle.

I can think of no better place to begin learning to be a member of both societies than in the Parliament and Government of Canada. One day, I believe, the capital of Canada will be claimed by both societies, a truly bilingual, bicultural community.

This leads me from the question of the relationship between the two societies to the relationship between Quebec and the rest of Canada. As the homeland of French Canadians, Quebec has a special place in Confederation; as such it is not and cannot be a province like other provinces of Canada. For historical reasons Quebec has a special responsibility for the preservation and nurturing of the peculiar heritage of French Canadians.

As a result I have come to expect the Province of Quebec to be more jealous of its rights under the British North America Act than other provinces and those expectations have not been disappointed. When Quebec insists upon exercising its constitutional rights and responsibilities, in the pension field or otherwise, I see no reason to think that the country is breaking up.

Nor, on the other hand, is Quebec or any other province failing to discharge its responsibilities by agreeing to continue to participate in existing cost-sharing programmes or to join in a new cost-sharing programme with the Federal

Government, if it considers this to be in the interests of the people of the province.

Perhaps one of the most important lessons I have learned, particularly during my years in Government as a civil servant and as a Minister of the Crown is that there are many ways, direct and indirect, of achieving a given Canadian objective. I can think of many examples; the most recent and an excellent one is the Canada Pension Plan. In order to achieve uniformity and portability, a federal scheme applying across the country is obviously the logical method. Quebec decided to have its own plan. Yet by concurrent legislation in similar form in Quebec and at the federal level, there can and, I am confident there will be, a uniform and portable Canadian pension plan in operation. Perhaps this should be called "contracting in."

Whatever the Constitution may say, now or later, there cannot be a neat and tidy division between the federal and provincial authorities valid for all time. This has been apparent for years in the field of taxation where agreements between the two levels of authority are now negotiated periodically.

It is becoming more and more apparent in my own field of trade and commerce. The provinces all have departments of trade – Ontario has a very active department working in this field – and it makes good sense that the activities of these departments in the promotion of trade should be co-ordinated with federal activities. While the Federal Government has and must have exclusive jurisdiction over external trade so that it is one country and can bargain effectively on behalf of Canada, I did not think it was a derogation from the rights of Canada to invite the provinces to exchange views with us before the formulation of Canada's position in the Kennedy Round.

In the fields of labour, of industry, of agriculture and most of all in the fields of health and welfare, the need for co-ordination and consultation between federal and provincial authorities is growing from year to year simply because the area of government responsibility is extending. Co-operative federalism or whatever one may call the process is a practical necessity.

There are some who dream about the simplicity of a Unitary state in which all decisions could be made at the centre. After observing Canadian Government at close range over a long period of years I am not one of them. I believe our federal structure is indispensable to national unity; not only so but it has served our purposes remarkably well. Ours is in fact a flexible system which by ingenuity and goodwill can be adapted to fit most circumstances in this wide and varied country. I doubt whether it has interfered with the attainment of any important Canadian objective or any important objective of the people of any province.

The Prime Minister of Canada was surely right when he said, "those who preach a centralizing doctrine in the name of unity weaken unity and could destroy it."

Over the nearly hundred years of our existence as a federation there have been many changes in the relations between the provinces and the federal government. The pendulum has swung from side to side, at one time in favour of the provinces and at another in favour of the federal power. We are now passing through a period of important change in those relations, not only because Quebec is asserting its rights with renewed vigour, but because of the increasing importance of those areas of responsibility – education, roads, health and welfare – assigned wholly or partially to the provinces by the British North America Act.

There is no reason to view these developments with alarm. They can be handled without danger to the unity of Canada if there is a will to do so, just as similar problems have been handled in the past.

I believe with deep conviction that the will to unity is present in the overwhelming majority of all Canadians, of both societies. I have come to realize, however, that the will to Canadian unity is accompanied in Quebec by a determination on the part of our French-speaking fellow citizens to play a more worthy part in our country.

This is a healthy, promising development, greatly to be preferred to the protective, inward looking attitude that was characteristic of French-Canadian society when it lacked confidence.

When I spoke in Montreal on Monday, I concluded my address by asserting that "there is growing goodwill towards Quebec in the rest of Canada. Of that the people of this province need have no doubt. In order to retain and enlarge that goodwill, they have only to continue to play as vigorous a part in the promotion of Canadian interests as they properly play in the promotion of the interests of this province."

Thanks

Thanks of this meeting were expressed by Lt. Col. B. J. Legge, a Past President of the Empire Club.

DECEMBER 3, 1964

Expo '67

AN ADDRESS BY Mr. Robert F. Shaw
DEPUTY COMMISSIONER GENERAL
CANADIAN CORPORATION FOR THE
1967 WORLD EXHIBITION

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

The Government of Canada established a corporation with the title "The Canadian Corporation for the 1967 World Exhibition" to operate what is officially known as "The Canadian Universal and International Exhibition, Montreal 1967." It is a wonder that any proposition with such a weighty designation ever got off the ground but, after some initial backing and filling, it did and they called it "Expo '67"–and I don't blame them.

Here to speak to us in the antepenultimate year prior to its opening is its Deputy Commissioner General–one who has a unique position as a sort of Canadian Ambassador-at-large to many of the nations of the world.

Robert Shaw was born in Montreal, the home of Expo '67 and was graduated by McGill University in Civil Engineering during the depth of the depression. His first job on graduation was as a labourer for the Foundation Company of Canada. Twenty-nine years later he was appointed President of that Company–an Horatio Alger story. "Expo '67" is the title of the new melodrama our hero is enacting today under Jacques Cartier Bridge in his home town.

The central unifying theme of Expo '67 is "Man and His

World." The main theme will be developed in the areas set aside under the headings:

Man the Explorer
Man the Creator
Man the Producer
Man and the Community

We are honoured to have with us today a man who exemplifies what he is setting out to accomplish; one who is the very embodiment of these themes.

As an Arctic authority and as one whose work has taken him from one end of Canada to the other and around the world – Man the Explorer.

As a one time Assistant to the President and in charge of design for Defense Industries Limited and later as Vice President of special projects for the Foundation Company – Man the Creator.

As Vice President, Director and Chief Engineer of Defence Construction Limited and latterly as President and Director of the Foundation Company – Man the Producer.

As one who resigned his high office as President of Canada's largest construction company to assume his present responsibility, and for his active interest in many organizations and professional societies across Canada – Man and the Community.

Dedication to the proposition that Canada will stage the best world exhibition ever, takes courage and of course, none but the brave deserves the Fair.

It is my privilege to present the deserving Deputy Commissioner General of Expo '67 – Mr. Robert F. Shaw.

MR. SHAW:

It is a pleasure for me to be in Toronto, the home of the world's biggest and finest annual exhibition. I mention the C.N.E. deliberately since I am one of the men most concerned with creating in Canada – and for all Canadians – the world's finest once-in-a-lifetime exhibition. We still occasionally hear in Toronto the fear expressed that Expo '67 will become an annual exhibition, threatening the Canadian National Exhibition, after 1967. Let me emphasize again, that under the rules of the Bureau of International Exhibitions, a world exhibition can remain open for only six months and that, in any event, by its very nature, a world exposition would be unsuitable for adaptation to an annual, trade oriented exhibition.

The international and universal exhibition to be held in Canada will open on April 28, 1967 and close on October 27, 1967. I am happy to have this opportunity to speak in Toronto and to acknowledge publicly the most generous co-operation of Mr. Hiram McCallum and the other officials of the Canadian National Exhibition. The 1967 World Exhibition has already benefited from the experience and research of the C.N.E. We look forward to continued assistance – as we look forward to assistance from all Canadians.

For our part, we will do our best to return this generous assistance by doing everything in our power to co-operate with the Canadian National Exhibition in 1967 through combined bookings, advertising and any other means at our disposal. At the very least we would expect to make a contribution towards a record-breaking attendance at the C.N.E. Expo will draw millions more tourists to Canada than ever before. Many of these will follow the well-worn tourist route between Quebec City and Niagara Falls. Therefore, we will lead them past the gate of the Canadian National Exhibition and we are satisfied that that splendid organization will draw them in. At the Canadian Corporation for the 1967 World Exhibition, we consider our task of building an international exhibition of the first category as a trust. We are the agents of Canada. The kind of assistance we want most is not physical – let me assure you that the physical Expo is on schedule and will open on time.

What Expo '67 really needs is the moral force of the nation behind it. It is, if you will, an appeal for unity in diversity. We, as a nation, have been plagued with self-doubts for too long. The 1967 World Exhibition in Canada is an opportunity to bestir our imaginations and exercise our pride in our country. It is a Canadian effort and we would like to convey the idea that its accomplishment has a real meaning to all people, whether they live in Heart's Content, Newfoundland or in Kitimat, British Columbia.

We, at Expo, where French and English are spoken interchangeably, don't want it to be known as a French-Canadian effort, or an English-Canadian effort. We want it to be a Canadian effort. In the Corporation's many meetings, it is common for me to ask a question in English and receive an answer in French: to be addressed in French, and reply in English. There is no embarrassment and I recommend it to all Canadians as a workable method for greater understanding and unity in this country of ours.

It has been suggested that the city of Montreal will receive the greatest benefit from the exhibition but that the bills are being paid for by Canadian taxpayers. This impression should be corrected.

Montreal is, in fact, bearing the heaviest share of the cost as, in addition to underwriting a share of the costs of the Canadian Corporation for the 1967 World Exhibition, the city has provided the site at its own expense, the basic subway access to the site at its own expense and expressway access within the city. The province of Quebec for its part is providing expressway access from the main centres of the province and from the borders of adjacent provinces and states and is, furthermore, building a ring of expressways around the site.

All three governments – federal, provincial and city – are building pavilions.

Therefore, the taxpayer who lives outside of the province of Quebec makes only one contribution to the exhibition. Quebeckers who live outside Montreal make two contributions, and those of us who live in the City of Montreal pay our share of the federal, provincial and city taxes devoted to the exhibition. In fact, therefore, the taxes paid are in proportion to the long-term benefits received.

Let's talk a little about the site itself which was selected and provided by the City of Montreal at its own expense. When the B.I.E. delegation held its meeting in Montreal last June – the first time the Bureau has ever met outside Europe – they called our islands "the most magnificent exhibition site" they had ever seen. It is noteworthy that the City of Montreal has already spent about $30 million to prepare the site before it was turned over to us – on schedule. It is also true, I believe, that much of that expenditure could have been saved. Montreal could have offered us a flat open field somewhere in the outskirts. As we all know, there are great expanses of flat open fields in Canada.

But the City of Montreal didn't look for open fields. It showed more imagination. It offered us a site in the middle of the St. Lawrence. In fact, the City of Montreal, and most notably its energetic mayor, Jean Drapeau, was so imaginative that it provided us with a site, part of which literally did not exist at the time of its choice. But how infinitely more spectacular is the site now in mid-St. Lawrence than in some field in the suburbs. The readying of the site was the first great victory along the route to Expo '67. A total of 22 million tons of fill went into the construction of the new islands. And as any engineer – and perhaps any stockbroker – knows, that is a lot of rock. The fill was transported within the space of seven months and completed on time.

To the critics who say that you can't build on filled ground, I would point out that most of the harbour fronts in the world are built on fill. In fact, St. Peter's in Rome is built on fill. Now I'm a Protestant and have grave doubts – but I must confess that there is some evidence that it is permanent.

We have done a good deal of talking about what we are going to do, about our plans and dreams for 1967. The time has come, however, for us to report on what we have already done, to give a step-by-step progress report on our achievements of the past year. Let us look first at the site in relation to the City of Montreal.

A. *Scale Model*

You will see that Expo is located right in the harbour of Montreal on a complex of islands and a spur of land jutting out from the mainland of the city, Mackay Pier. The central island, of course, is St. Helen's, and here, extensive additions have been made both at the up--stream or Ile Verte area, and the down-stream La Ronde end beyond Jacques Cartier bridge.

An entirely new island was created, Ile Notre Dame, swelling out from the wall of the seaway.

B. *Mackay Pier Today*

An extensive filling programme was undertaken by the Corporation. 2,413,000 tons of fill have been placed in the operation on Mackay Pier, which now has taken its final shape although some grading work remains.

Mackay Pier will be linked with the up-stream end of St. Helen's Island by a new bridge. Work on this bridge is already well advanced. It is scheduled for completion by the Autumn of 1965. The piers are completed and the steel superstructure and roadway are being erected.

Mass Transit System

The contract for the mass transit system has been let. The preparation of the roadbeds is in hand and equipment is ordered and under manufacture. This system will move passengers at the rate of 30,000 per hour each way right from the entrance on Mackay Pier, 3½ miles through the entire site, linking Mackay Pier, Ile Verte, Ile Notre Dame and La Ronde.

We plan to include an amount for fares in the price of admission – so that, having entered the site, a visitor can ride free on this primary system as often as he or she wishes. There will be a charge for each shorter ride on the secondary systems within each of the four areas of the site.

The design of the stadium has been submitted by the consultant, approved and ready for tender call. It will be dismountable so that it can be sold and placed elsewhere after the exhibition is over.

Plans for the Place d'Accueil or Reception Area, the Administration and the Press Buildings have been approved and tenders have been called.

You have probably heard of our biggest dream which looks something like a series of hollow pyramids. It is known as Habitat '67.

Habitat

This is a revolutionary new concept in urban dwelling and we feel will be a lasting and meaningful symbol of our theme, "Man and His World." The objective is to demonstrate how harbour cities can be remarried with their waterfronts through the use of decayed and unused property. Each dwelling unit will have a view of the river and of the spectacular skyline of the city. Because the buildings are sloped, each dwelling will have a garden which is the roof of the dwelling below, and the services such as garages and shops will occupy the space under the slopes to achieve the maximum land use.

In other words, this concept introduces a suburban type of living into the heart of the city and will lead to the elimination of long drives over costly expressways which are creating such problems in these modern days of over-population and urban sprawl.

Mind you, we don't believe that Habitat '67 will necessarily be built again in the same form as we now propose but we do believe it will have an influence on urban architecture for both low-cost and high-cost housing.

The parallel example is the Eiffel Tower which was built for the Great Exhibition of 1889. This is the structure which taught the world to build skyscrapers on steel frames and yet, there isn't a skyscraper in the world which looks like the Eiffel Tower. Nevertheless it is a meaningful symbol, the last meaningful symbol erected in a world exhibition.

Designs and estimates for Habitat '67 have been refined to the point where the picture is clear, and have been submitted to governments for the approval of the financial basis for proceeding.

C. *Ile Verte Today*

The City of Montreal, at its own expense and on schedule, handed us a level site for the up-stream extension of St. Helen's Island known as Ile Verte. The final grading and shaping of the area have been completed by the Exhibition Corporation. The contract has been awarded for the Ile Verte–Ile Notre Dame bridge and the piers have been completed. The St. Lawrence was temporarily dammed off between Ile Verte and Ile Notre Dame to facilitate work on the piers for this bridge and also for the construction of the subway which is now being built by the City of Montreal, at its own expense, from the city to the south shore with a station on the site for exhibition visitors. A consultant is presently working on the drawings for the great amphitheatre known as Place des Peuples on the up-stream tip of Ile Verte. This amphitheatre will be used for official occasions and for the celebration of special events such as national days.

D. *Ile Notre Dame Today*

On Ile Notre Dame, also handed to us by the city on schedule, the work of fine grading and shaping of canals, islands and lakes is completed. Contracts have been let for the sanitary and storm sewer systems and for the road bases, on both Ile Verte and Ile Notre Dame.

The consultant has completed preliminary plans of the sewage treatment plant to service the island sites. Tenders have been called and contracts let for the electric power and communication duct system, for sod, perennials, shrubs and trees on the Ile Verte and Ile Notre Dame areas. Landscape consultants are working on plans for the Mackay Pier.

E. *La Ronde Today*
La Ronde, the down-stream extension to St. Helen's Island, will be the amusement area. There are two bodies of water here. One of these will be a marina to accommodate several hundred small craft. The second lake will be used for water shows. A tender package is currently being prepared to request proposals for the marina project. Last week our consultant delivered estimates, model and sketches for the amusement area itself, which surrounds these lakes.

La Ronde Model
It is already clear that we will have something different from anything that has yet been developed in world exhibitions as a fun area. We are trying to have planned fun not a noisy midway.

Now let us look at the work of the Exhibits Department charged with developing ideas for exhibits, public relations and liaison with exhibitors, including sales.

Theme Buildings
As you know, we are making a serious attempt to persuade each exhibitor to tell some part of our theme story in his exhibit. In addition, we are designing ourselves certain theme buildings which subdivide our theme "Man and His World" into such subdivisions as "Man the Explorer" (Science and Medicine), "Man the Creator" (Fine Arts), "Man the Producer" and "Man and the Community." For these subdivisions and sub-subdivisions, storylines have been accepted, concept studies

are nearing completion and we are entering into the phase of designing the exhibits and buildings. They will show man in various environments trying to study, understand, explain and alter those environments for the benefit of mankind.

Man and Oceans Fish Tank

For example, under the sub-heading of "Man the Explorer" there is a story called "Man and the Oceans" in which the past, present and future of transport beneath and above the surface is discussed and the history and future of taking food from the sea is demonstrated. As part of the exhibit we plan a large tank in which, by modern means – air bubbles, light, sound and magnetic impulse – fish will be herded – as they will be by the fishermen of the future.

The Cell

An exhibit on health and medicine will show a model of a cell which demonstrates how diseases like cancer develop and how they are fought.

Submarine

The pavilion entitled "Man and the Polar Regions" will show the wonders of the extremities of the Earth, past, present and future, on land and below the ice.

These are just a few of the exhibits which are under design at the present time.

A number of exhibitors are hard at work on their designs. Plans for the Canadian Pavilion have already been announced by the Minister of Trade and Commerce, the Hon. Mitchell Sharp.

Canadian Government Pavilion

It is an impressive project, fully in accord with Canada's role as the host nation. It will cost some 21 million dollars and will cover eight acres of space. It will include a permanent building destined to house the National Theatre School after Expo. Both Quebec and Ontario will have their own pavilions. I would like to say here that we have already received tremendous support from the Ontario and Toronto governments. I took it as a healthy sign when Premier Robarts warned us some months ago that our sales in Canada should be more vigorous.

The prize-winning design for the Quebec pavilion was announced October 6, 1964. This will also be a permanent structure to become possibly a Conservatory of Music. The Atlantic Provinces and the Western Provinces, too, are deep in the planning of their pavilions.

I think you may be interested in some of the ideas our theme development group suggested to the provinces to stir the imagination of their designers. These are really just thought-teasers and may not be accepted by the exhibitors. But they do impress the designers with the importance of attractions which draw crowds.

Atlantic Provinces

For the Atlantic Provinces our dreamers suggested the tie-up between the traditional basic industry of the Atlantic Provinces, fishing, and their more modern developments. We suggested they build an old schooner and, later, give it to the Naval Sea cadets for training. Another idea was to build a 12 Meter Racing Yacht and challenge for America's Cup.

Prairie Provinces

We thought that the Prairie Provinces might consider as their central attraction an old-fashioned harvesting bee, and then go on from there to tell the impressive story of modern large-scale wheat farming which has made Canada a world leader in the grain trade and the story of a wealth of natural resources such as potassium, oil, nickel and power.

As of this date, sales are going well – twenty-seven foreign governments have officially announced their participation. An additional sixteen nations have already chosen lots for pavilions pending official government ratification. We are expecting that more than sixty foreign nations will be represented in Montreal in 1967.

We are also assured of the participation of eleven Canadian governments (the federal government and the ten provinces). Thirteen private exhibitors have announced participation to date. In addition some fourteen others have definitely taken space and are expected to announce their participation at a time that suits them best from a publicity angle. Nineteen other private exhibitors are awaiting details of the theme buildings to determine the nature of their participation. Twenty-two private exhibitors expect to participate in collective pavilions. Twenty-five other private exhibitors are seriously studying ways of participating but have not revealed firm plans. Scores of companies are interested but are looking for attractive ideas to enable their effective participation.

It is clear from this that we are threatened with a shortage of lots. For this reason we have arranged for additional lots at the down-stream end of Ile Notre Dame.

In all, we have spoken to at least six hundred potential private exhibitors so, if we say we'll have fifty pavilions by over one hundred private exhibitors, we don't feel we are being too optimistic.

As businessmen, I think you will be interested in the Business Development Bureau that has been formed to use Expo as a means of furthering business between Canadian and foreign businessmen. The bureau is working in close co-operation with the Department of Trade and Commerce and the equivalent department of our provincial governments. Expo '67 will be a unique opportunity for Canadian businessmen to meet the thousands of their counterparts from all the major countries in the world.

But I don't want to leave the impression that Expo '67 is dedicated solely to business. It is much more, of course. It is a showcase for all man's achievements in the arts and sciences. And it is a place where we want our visitors to come and have fun. The amusement area, "La Ronde," will be a place of gaiety and merriment, with a tremendous variety of entertainment. There will be fireworks, fountains and music. For the more serious, an immense festival of the arts is being planned. Bookings for this festival have started.

This has been a quick glimpse of some of the things we, at the Canadian Corporation for the 1967 World Exhibition, have done already – or have in hand.

Expo '67 must be viewed as a Canadian achievement. It will show what we, Canadians, can do; to what heights our imagination and skill will carry us. It will mark Canada's coming of age in the modern world. Nothing could be more fitting on our 100th Birthday as a Nation.

Thanks

Thanks of this meeting were expressed by Dr. C. C. Goldring, Past President of the Empire Club.

DECEMBER 10, 1964

The Bi-Racial Problem in the United States

AN ADDRESS BY Mr. Cody Fowler
FORMER PRESIDENT
AMERICAN BAR ASSOCIATION

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

I rise to introduce our guest of honour with even greater diffidence than is my wont flanked as I am by this distinguished coterie whose selection would appear to have been based upon an outstanding reputation for eloquence as well as for eminence in a particular field. Better qualified, as any one of them is than I, professionally and rhetorically, to introduce our eminent guest, this, sir, is the Empire Club of Canada where, as our very name indicates, tradition, if indeed it ever passes, dies hard. I have the honour of its Presidency and, however falteringly, introduce you I must.

To a degree my task is made lighter as our guest of honour's fame has come before him into Canada. He serves as a member of the Board of Directors of Salada Foods Limited.

Mr. Fowler is a man of great stature within the legal profession. He heads one of the leading law firms in the Southern United States and is the South's leading Admiralty lawyer. As you will know, Sir, your profession in Canada employs British nomenclature to designate, perhaps less exactly than in Britain, the roles its members play. While the functions may not be clear, the terms of barrister, solicitor, et cetera are familiar to Canadian laymen but I gather that this is not necessarily so in your country. I recall that some years ago a group of Rotarians from my home town in Ontario were crossing the border at Niagara Falls to attend a district convention at Lockport in Upper New York State. In the party was one, who in addition to his own law practice, handled the Town of Preston's legal work. When Charlie's turn came with the American immigration official, in reply to the question of his occupation he said, "Solicitor." The official, startled, looked at Charlie and shook his head, "Well," he said, "I must say you're damn frank about it."

Speaking frankly, we in Canada understand, appreciate and honour one who has worthily upheld the duties of the titular head of over 180,000 American lawyers and who, subsequently, presided over the Inter-American Bar Association. One whose interest in and dedication to the principle of the brotherhood of man found him on the international scene representing the United States together with Commonwealth representatives at Australia's 50th Jubilee Celebration and domestically, in the forefront of the civil rights problem – municipally as Chairman of the Tampa Bi-Racial Committee; at the state level, when appointed by Governor Leroy Collins as Chairman of Florida's Bi-Racial Committee and federally, as an appointee of the late President Kennedy to the Executive Committee and Board of Directors of the Lawyers' Committee for Civil Rights Under Law.

We, in Canada, have come to expect that when red hot prejudices are suddenly plunged into the cool element of reason, they will go off with a hiss. So we lay claim to having some basis for understanding the serious problems that the mixing of races, colours and creeds can create. We are looking forward to building upon this understanding by learning from one who has grappled with the problems with such conspicuous diligence and success.

Mr. Fowler has suggested, and we have been quick to agree to a question period following his remarks.

It is my privilege and high honour to present Mr. Cody Fowler, Attorney at Law of Tampa, Florida who will speak to us on the Bi-Racial situation in the United States.

MR. FOWLER:

I'm sure glad I'm in the right club. I'd hate to find myself in the wrong club after being told what a fine club it was and being recommended so highly to me. Talking about the various names by which members of the legal profession are called, in the United States we have been called practically everything. You don't have to be called a barrister to try a lawsuit in my country. I know the Queen's Counsel will appreciate what I mean by that.

I'm proud, of course, as any American would be, to speak to this distinguished club, this distinguished audience, but it gives me no pleasure to speak about and discuss the bi-racial problem in the United States, which I feel is the most serious internal problem we have had in our country since the Civil War, which we often refer to as the "War between the States."

I am a Southerner, but nevertheless, I am a realist. I am trying to give my opinions to the minimum extent here and only speak facts, and by speaking facts I don't mean to imply I approve of what has been done and what is being done by either the whites or the negroes. I am quite sure the things I have to say would not please the extremists of either group.

The bi-racial problem is different in different parts of the United States. You can't generalize to any great extent. I am going to try and discuss the situation with you as briefly as I can. In the limited time you have here I can only really hit the high spots. The further I go into it the more difficult it seems, and it seems to me the harder the ultimate solution will be. But when you know a little about the legal profession, there is always some young lawyer right out of law school that knows the right answer.

Let's take a brief look at the negroes' justification. They have been told by the last five Presidents, and the current President of the United States, and by, I believe, the man who ran against him, what their rights were. They have seen it in the papers and on television. They have been told by Congress what their rights were, but they just haven't got them, which has caused them to be very unhappy, and has brought about some of the feelings that they have been mistreated, and there is a lot of justification to it. I don't want you to labour under the delusion that the negroes have been given everything they are entitled to. I have discussed with a number of negro leaders the question of what the negroes really want today, and I have listed the goals the intelligent, educated negroes feel they are entitled to: equality of opportunity, in government, labour, and so forth; equal pay for equal work; equal protection of the laws; equality of suffrage; equal recognition of the dignity of the human being; abolition of public segregation; equal educational opportunities. By the way you will be interested to know the equal recognition of the dignity of the human race and of the negro race is emphasized in one thing. I will mention this one thing that really burns them up, in public places where they see the signs, white ladies and negro women. They feel you have designated them as inferior, and you can appreciate it as you go into the situation. I was impressed on that particular point by a very prominent gentleman down home who had a little girl. He was one of our rich negroes who came into our department store called Moss Brothers. He was a good customer, and while he was in the store his little girl took a drink out of the fountain where the white people are supposed to drink, and he said to his little girl, 'Didn't you see the sign?" and she said, "but Daddy I didn't want colored water, I wanted white water." The negro leaders know there is some definite improvement along those lines, and there is, of necessity, going to be still further improve-ments. However, there are other negro leaders, who, in order to help hold that grasp and leadership, and to please most of the negroes, keep talking about freedom now. A newspaper reporter once asked a negro lady at a meeting, "What do you mean by freedom now?" and she said, "can't you understand, we want freedom now." The rank and file don't know what freedom means or what their real objections are.

It took the south a long time to realize all negroes north and south are for integration, they are all for it, there is no exception to that rule. There have been demonstrations in the north and south, mostly in the north, except for a few exceptions, Birmingham was one of them. The negroes up north feel they have considerably more rights than they have down south. There are several reasons for that. One, is the feeling between whites and negroes, and the other is the fact up north the laws have not been enforced in connection with the negroes. They have been, more or less, under the protection of the political people who want their votes, and they have not had the same discipline in connection with it, which, they have had in the south.

There are at least four kinds of negro leaders. There is the dedicated and intelligent negro leader; there is the intelligent negro leader who is seeking self-aggrandizement; there is the uneducated, dedicated negro leader and there is the uneducated, ignorant leader who is trying to seek self-advancement, and it is with some of this latter group that we run into a great deal of the problems.

Let me tell you about the deep south. By the way, this will run into three areas. First, is the deep south, which is made up of Mississippi, Alabama, Louisiana and parts of Georgia, and maybe South Carolina. You wonder why the feeling is stronger in the deep south. I will give you the facts, not opinions or conclusions. In the deep south there is still the family stories that have been brought down by the grandmothers and great grandmothers, of the carpetbag days when all the officers, the law enforcement officers and judges and so forth were negroes, and they were held in those positions by ex-slaves in blue uniforms representing the Federal Government. You can imagine what that involved. This brought on the Klu Klux Klan, which is not the Klu Klux Klan of today. It was a situation that developed because there was no other way for the white person to protect himself. I am speaking now of the masses of the negroes, not the intelligent, well-dressed, cultured negroes you might know. The whites make no distinction between the classes of negroes, they are either negroes or they are not, and they want to put them all in one class. The negro masses as you know are uneducated and uncultured, the rank and file. In many counties in the deep south they are the majority of the negroes. There is a great fear that if they do get the ballot, that's why there is so much trouble in that regard, they will take over the county and all the elected officers will be negroes, and all the law enforcement officers will be negroes. The white people who live there fear that situation very much. They also feel that the question of integration means a breakdown of the ties between the whites and negroes and will bring about ultimate marriage between the races. You hear it said, "Do you want our people to become racial mongrels, a race of mulatoes?" They also feel if the negroes take over their county the value of their properties and businesses will be worth nothing. They can't live under the rule of the negroes. That's why there is this trouble you read so much about in the papers, in the deep south. They say, and I believe I speak with some authority on it, that some 2,000 negroes and whites are going into the deep south, Mississippi, in particular, to work this summer, to get negro registration and the other things. In the meanwhile the local people are preparing for it. The feeling is very strong and there could be trouble ahead which could be worse than last summer.

Remember too, that after all it was a fact that when civil rights were passed that you were entitled to a trial by jury and not just before a Judge, and before anybody can be punished for any harm done to anybody, if you have to be tried before a local jury it's going to be very difficult to get a conviction unless there is very convincing evidence of fact. So you have the unpleasant situation where the law will keep us more on our side and the advancement of the negro will not be great. The real situation is this, I'll boil it down. In order for the negroes to really get anywhere you have to improve their economic condition, and in order to improve their economic condition they have to have opportunities to better themselves. They must take advantage of these opportunities and must have the ability to hold a better job and they must be given the opportunities to hold a better job if they are qualified, that is the real situation. The negro found when the Civil Rights Act was passed in the south they could go to all these places they couldn't go before, but they found they didn't have the money to go to the local theatre. Civil rights is something that has given them the okay but as far as helping their economic condition it didn't. Then there is the rest of the south where for two or three years before the Civil Rights Act was passed they could go to the restaurants and to the hotels. A great majority could go to the parks, playgrounds and theatre. They could do none of that in the deep south before the Civil Rights was passed and there has been only token compliance since that time.

The feeling in the south towards the negroes and in the north is very different. It may be hard for you to realize that. It is said with some justification that the Southerner does not like the negro race, but they like the individual negro, but in the north, they like the negro race, but not the individual negro. In the north they are not as sympathetic to the negro, they don't have the feeling of friendship and sympathy for the negro as they do in the south, they don't have the same relationship at all.

I want to mention quickly the situation in the north. Hundreds of thousands of negroes went up north, where living was a Utopia, thinking they would go to New York and some of the other northern cities, New York is the worst example, maybe Chicago, expecting to improve their situation. But when they got up north they found they were a lot better off in the south. When they got up north they were crowded into places such as Harlem. I was told, I'm not quoting this as a fact, this is what I was told that 30,000 negroes live in apartment houses with leaks in the roof, with rats, with poor sanitation conditions, things you can't imagine. Harlem is an area of broken homes. More than half of the children under 18 years of age living at home where there is only one parent or some grandparents. Here, as in the deep south, the schools that are practically all negro are very poor. A negro who graduates from high school may have the equivalent of an eighth grade education, and graduates of the average negro college may have a high school education. It's an unhappy situation. The children are going there because they have no place to go and dropouts are tremendous as compared to the rest of the country. In that area the great majority of the people only have menial jobs, it is the poorest paid group of people in the country. There is no hope and they are frustrated because of a tremendously difficult situation. The squalid living conditions are unbelievable. Whole families are living in one room. They take turns in the bathroom and kitchen with other families. No one person is allowed more than five hours sleep in bed. You can imagine the situation on a hot summer night in New York city. In one area they call East Harlem there are 185,000 people crowded together in one square mile. East Harlem has a population roughly as large as Des Moines. Iowa, which area is 100 times as large as that of East Harlem. New York is talking about improving the housing situation. It will cost millions and millions of dollars to do it, and with these people only qualified to do menial work and the machine age coming in, and the jobs becoming less and less, I can't tell you the answer. The whites have got to realize in the United States, both in the north and south that the negroes are entitled to opportunities. They have to be given a chance to work and a chance to live under conditions where they will be happy.

The housing situation in the south has not been developed, and there have been riots in the north where negro families have moved into a white neighbourhood, and there are going to be riots in the south when the negroes move into white neighbourhoods. The negroes on the other hand must realize they are a minority and they can only better themselves by the goodwill and help of the whites. The negro leaders to a great extent have been asking–let's get something from the whites and are not offering any help to the negroes themselves. This is a problem that will be with us for a long time and I don't know what will come about.

If Canada ever gets to discussing whether they should take over the United States there will be a lot of us who will be glad to have you do it. I want you to remember the bi-racial problem is only one of our problems. Our President has promised to abolish all poverty but he hasn't told us how to do it.

Thank you very much.

Thanks

Thanks of this meeting were expressed by Mr. J. H. Corrigan, Q.C.

DECEMBER 17, 1964

Christmas Meeting

with
The Sunday Afternoon
Youth Orchestra

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

On behalf of the Board of Directors and the members of the Empire Club of Canada and our friends I extend a warm and special welcome to His Honour the Lieutenant Governor who continues to serve with great distinction as our first Honorary Vice President. We regret exceedingly that Mrs. Rowe is indisposed and unable to be with us.

Particularly in these days of change when traditions are being questioned, scoffed at and often disregarded, it behooves us to think upon our Club's dedication to the preservation of those ties that bind our Commonwealth together. Of the few that remain the Crown is the principal and strongest link and I compliment His Honour on behalf of all our members upon the dedication he has shown as Her Majesty's representative and for the excellent manner in which he discharges the duties of his high office. We look forward with great anticipation to sharing a Royal occasion with His Honour next year.

His Honour the Lieutenant Governor made a suitable reply.

You will note that in presenting those at the head table there was one conspicuous omission in the penultimate past president of this Club, Mr. Arthur Langley. As you know last year was our Golden Jubilee and it was a year of great activity, excitement and growth. Guiding our Club to the heights it reached was one who gave of his great store of energy, imagination and ability beyond all reasonable expectation. I ask you, Arthur, to accept this scroll bearing the signature of our Honorary President, His Excellency, the Governor General of Canada, knowing that with it goes the affection and appreciation of all of us in the Empire Club.

Introduction of the Sunday Afternoon Youth Orchestra under the direction and leadership of Mrs. W. J. Rapson.

JANUARY 7, 1965

The Outlook for 1965

ADDRESSES BY Mr. George S. Moore
PRESIDENT
FIRST NATIONAL CITY BANK OF NEW YORK
and
Mr. William M. Currie
PRESIDENT
CANADIAN IMPERIAL BANK OF COMMERCE

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

I have always found it extremely difficult to be other than solemn in the presence of bankers. This probably goes back to those days when at $16.66 twice a month – not net but before deduction for guaranty and pension funds – I couldn't afford many laughs. I understand that banking has changed since those penurious days and that the facade of austerity has been torn down to a great extent. Judging from some of the ideas propagated about Canada in the New Soviet Encyclopaedia the word has not reached Russia. Under the section "Canada" and the subject "Agriculture" in Volume 19 there appears, and I quote: "Agriculture is, in fact, dominated by the banks. They seize farms under the guise of assistance, via one-sided loans, and then they expropriate the land and all the property of the farmers." This is reported by George Bain in whom it prompted this irreverent poem:

"Montreal, My Bank" – what cynical prattle,
Their man has just been, and gone off with the cattle,

From chassis to motor, to last gear and pinion
Our thresher's been seized by Toronto-Dominion;
These acres of legumes, of tubers and cereals,
We fear are not ours but are Commerce Imperial's.
Now Barclay's is seizing the house, and, alack,
The Royal's foreclosed on the place out the back."

One of our guest speakers, a Westerner whose early days with the Canadian Bank of Commerce were spent in Alberta, will recognize this for the base canard that it is.

Today we are doubly honoured in the presence of two powerful and successful doers in the hard competitive world of high finance who come to us not only as bankers but as prophets, each honoured in his own country and in his own house.

Mr. George S. Moore, President and Director of the First National City Bank of New York was born in Missouri, but we're asking him to show us. Mr. Moore has spent his entire business career since graduating from Yale in 1927 with the First National City Bank of New York. He was appointed Vice President in 1939; Executive Vice President in 1952 and President in 1959.

Mr. William M. Currie, President of the Canadian Imperial Bank of Commerce also joined his bank in 1927. He has held posts in Western Canada, the West Indies and England. He served as a Lieutenant in the Royal Navy during World War II; was appointed Deputy General Manager of his Bank in 1959; Chief General Manager in 1963 and was elected President in 1964. During 1963 and 1964 he was President of the Canadian Bankers Association.

Both of our guests of honour, through their manifold activities in community service and public stewardship, have harmonized the public interest with their private responsibilities as bankers. The Great Society we hear proclaimed today was described by philosopher Alfred North Whitehead as "a society in which its men of business think greatly of their functions." Emerson said, "Mankind is divided into the party of memory and the party of hope." I am proud to present two businessmen who live up to Professor Whitehead's eloquent image and I ask, first Mr. George Moore and then Mr. William Currie to speak to us of the party of hope here assembled on "The Outlook for 1965."

MR. MOORE:

This is the season for crystal balls. Your chairman didn't limit the word "outlook" to business prospects alone. Therefore I will explore some other "outlooks" after a few words about my views of the US economy in 1965.

1) We expect 1965 to be another year of economic expansion, although the rate of growth may be slightly slower than in 1964. We expect no downturn. We expect the GNP to reach $660 billion for the full year, up 6% over the $623 billion figure we now estimate for 1964. After allowing for price increases, the real gain should be about 4%. We expect prices to rise a bit faster, perhaps as much as 2% compared to the recent average of 1.5% during the past six years. We foresee a substantial rise in employment but no further reduction in unemployment in 1965. We expect industrial production to rise 5% vs. the 6% rise in 1964.

2) We realize this will be the fifth year of expansion. Yet there is no reason to assume that economic expansion ages and decays. As long as we do not try to push the economy too hard, and thereby create excesses in credit, inventories and prices, growth could, in fact should, continue without interruption. Therefore, one of the keys in 1965 is US credit and fiscal policy.

The favourable factors in 1965 are:

1) With strong economic growth, 1½ million more people went to work last year. The high level of employment, rising wages and the tax cut all helped increase consumer incomes and spending. These forces should carry forward into 1965, bringing further expansion in consumer demand.

Borrowing by individuals has not been overdone and we believe it safe to foresee another $6 billion increase in instalment credit. Consumer confidence is high.

2) Businessmen are also confident. Spending for plant and equipment was up 14% in 1964. Surveys support a guess of a further increase of perhaps 10% in 1965. Such spending provides jobs, increases productivity and helps hold down prices.

The automotive industry is expected in 1965 to equal its 1964 performance and be a major sustaining influence.

Residential construction is an area of possible weakness, with some further reduction in apartment building. This may hold back sales of appliances, furniture and other household durables. The ample supply of mortgage money is a cushion here, as is the increase in family formation as war babies approach the altar.

3) The second stage of the tax cut became effective January 1st. Individual rates are further reduced, although withholding rates will continue at the reduced level set last year. Corporate earnings will benefit from another 2 point cut in the tax rate, to 48%. These tax cuts are already a proven economic success. Now almost nobody criticizes them. Government spending has been restrained. Budgetary deficits are being held to reasonable levels by the increased revenues the expansion has produced.

Now a word about our problems. Some are also yours.

1) First, I would mention the international payments system. While sterling has been stabilized for the time, massive problems still exist beneath the surface. The determination of all to defend sterling gives the British Government time to develop long range programmes. The solutions are not obvious or easy and will take time to become effective. The strength of the defences developed will be tested in 1965. Our own balance of payments problem is also still with us although improved, with our deficit perhaps $1 billion less than the $3.3 billion in 1963. This continues

to exert a strong influence over our monetary and fiscal policies.

2) Inflation is our next problem. The prices of many raw materials, particularly nonferrous metals, have risen. Recent wage settlements have exceeded productivity guidelines. Costs are being pushed upwards. The danger here is constant.

3) The threat of a steel strike is already dislocating production, causing a high rate of inventory accumulation, and will bring an unavoidable slackening during the second half of the year.

4) This year the number of new 18-year-olds will rise from 2.7 million in '64 to 3.7 million, as the postwar baby boom moves across the age span. Since the labour force will grow more rapidly than in 1964, the chances of further reducing the present 5% unemployment rate seem dim. The development of jobs for newcomers to the labour force will again be a major factor shaping federal policy.

This forecast implies strong credit demands. In the circumstances, it is reasonable to assume that US interest rates will, at the very least, remain firm at the levels of the year end. There is the possibility that short rates will rise further. Monetary policy should lean towards firmness. Upward pressure on prices, and the higher interest rates prevailing abroad, are forces that will need to be recognized.

Adding it all up, as I said at the outset, we come out with an optimistic forecast for the USA business scene in 1965.

Underlying our optimism is a new co-operative and understanding attitude in Washington towards the private sector, and the emergence of new economic thinking which favours tax cuts as against increased government spending as a stimulus to growth and employment. The enactment of the Investment Tax Credit and liberalization of depreciation guidelines in 1962 and the tax cuts in 1964 show the awareness in Washington to the need to encourage the private sector. The plan this year is for cuts in excise taxes. There is reason to hope that further cuts in both individual and corporate tax rates may find broad support as a long-range policy.

The US economy has shown resistance to shocks: The May 1962 stock market break, the Cuban missile crisis in October 1962, President Kennedy's assassination in November 1963. Some are apprehensive that a possible steel strike in 1965 could touch off a recession. To be sure it won't help things. But in any event we don't now see a basis for an important business correction in 1965.

Our economy has demonstrated great strengths. Yet the insistence on government steps to continuously stimulate the economy constitutes a potential danger. It inhibits needed restraint on the part of the monetary authorities and leaves us with the real risk that easy credit will lead us to excesses which will produce the business cycle many consider to be overdue.

I will therefore conclude my business comments by saying that the right mix of fiscal and monetary policy in 1965 can help extend the present economic expansion through 1965 and beyond.

On the international front I will also venture a few forecasts.

1) The Soviet Union is having economic problems. Their wheat reserves are depleted and we know they have been dipping into their gold reserves. Growth has slowed. Defence, space and aid programmes have unquestionably been too heavy for their economy to carry. They need increased trade and closer business relations with Japan and the West to help solve their economic problems. Therefore, I will venture the prediction that the new Soviet government will be easier to live with than Mr. Khrushchev's, that East-West relations will improve in 1965.

2) Over all, Latin America seems to be turning the corner. Mexico, Venezuela and Peru are expanding. Chile's new government holds promise of success. Brazil seems to be on the road to recovery although Colombia and Argentina are not doing too well. The decisive factor is that Latin

American political leaders, and likewise US policy, now seem committed to the concept that stimulation of foreign investment and encouragement to the private sector are the keys to economic expansion and political stability in the area. I, therefore, predict that 1965 will be a year of further progress in Latin America.

3) I expect economic expansion to continue in Europe and economic integration to make further progress, with sterling stabilization and Great Britain's need to rebuild her competitive capabilities constituting the major problem. It is interesting to hear some British leaders call attention again to the thesis that entry into the Common Market is the only way to force Great Britain to take the necessary steps to improve her competitive position.

4) In Asia, the Indonesia-Malaysia conflict and Vietnam crisis will probably continue to brew in 1965. Western support can help Malaysia defend herself. The Vietnam problem is more serious. Without a stronger, broader based, more politically acceptable and competent government, a military victory is probably impossible, regardless of the dimensions of US support.

5) In the Far East, I forecast further expansion in Japan, Philippines, Taiwan and Hong Kong.

6) On our own USA-Canada front, I will repeat what I said last November at the National Foreign Trade Convention. The time for a reappraisal of US-Canadian economic relations is overdue. Closer ties can contribute to the growth, well-being, and unity of both our countries. Economic union is probably too big a word. But certainly we should start out by capitalizing upon the enlarged markets a custom union would offer both our peoples. This can be broadened to include like-minded neighbours in Latin America and the Pacific. I know you are properly concerned about the large deficit in your trade with us. However, your labour costs are lower than ours and I feel that you have no need to be fearful about the competitive capability of your industry if it had free access to the enlarged North American markets. Our

long range goal should continue to be a liberal trading area embracing the whole free world.

As a confirmation of our own confidence in the outlook, my bank is planning further expansion in the year ahead both at home and abroad. We still expect world trade to double by the mid-seventies and are opening new branches and developing staff and services to meet these enlarged opportunities.

We are especially proud of the close relationship we have had with Canada for many years and with our important participation in the financing of Canadian trade, industry and development.

As I look ahead, I see problems, to be sure, but also growth and change and opportunity. We have always noted a close actuarial relationship between risk and opportunity. We see no problems ahead that can't be met effectively by competence and a big reserve for contingencies. We believe we have both.

We are especially optimistic about your great country. This past year I travelled 150 thousand miles, to all continents, and I assure you that there is no country which in my opinion has greater opportunity for progress and development. You have only scratched the surface in the development of your enormous resources. But most important of all, I place the high character and competence of your people which provide assurance of your future.

Thank you for the opportunity to be with you today.

MR. CURRIE:

I am delighted to be here today to share speaking honours with Mr. George Moore. The level of economic activity in the United States exerts a very important influence on the Canadian business situation and it has been useful indeed to hear the views of so distinguished a member of the financial community in the United States regarding the course of business in 1965.

We in Canada like to make our own appraisals of the

American situation and occasionally reach conclusions which differ somewhat from those of our neighbours, just as in the United States there are differences in views concerning the Canadian situation. This year, however, there appears to be a good measure of agreement on both sides of the border that business developments in the United States will generally follow along the lines indicated by Mr. Moore. This implies that there will be continuing strength in the flow of Canadian exports to the United States but that the year-over-year increase will not be as large as in 1964 when Canadian exports to the United States increased by 12% in the first ten months of the calendar year.

Economic prospects in most other countries which buy large quantities of Canadian products are not quite so favourable as at this time last year. The wave of prosperity in Europe has brought price pressures and labour shortages and, in the case of the United Kingdom, balance of payments difficulties requiring measures that will tend to dampen the rate of acceleration in economic activity in 1965. Even in Japan, which has experienced extraordinary rates of increase in activity in recent years, there are indications that growth rates will be more modest in 1965, although still very high when judged by North American standards. The general environment for sales of Canadian exports thus appears to be good but not as favourable as in 1964. In addition, it is unlikely that sales of wheat will reach the unusually high level of last year although indications are that wheat exports will again be strong.

My first point then is that our export sales in 1965 are not likely to show increases of the magnitude experienced in 1964 when, in the first ten months of the year, exports rose over 20% in value terms and amounted to $6.8 billion. This remarkable rise in exports was the Canadian economy's strongest source of stimulus in 1964. This year should see further gains in exports but the gains will probably be less general as to products and somewhat different in geographic distribution.

Capital investment by the business community was the second major source of stimulus to the economy in 1964. The increase in business capital outlays, excluding housing, is estimated to have approached $1 billion, some 18% higher than in the previous year. You will recall that the last major capital expansion programme in the business sector took place in the mid-fifties when outlays rose very sharply for a couple of years, then dropped abruptly. Following this, the trend in investment was only moderately upward until 1963 when the recent strong advance got under way. In some quarters this new wave of capital expansion has been referred to as a capital boom. One hesitates to use the term because it suggests the pattern of a boom-bust curve similar to some which have developed in earlier periods of high-level activity, but I do not see why this round of capital expansion should necessarily follow such a pattern. This time, there are a number of very large projects under way – including power plants, pulp and paper mills, large commercial building complexes – which by their very nature must be built as units and which, when completed, will provide very large amounts of new capacity all at once. These projects, because of their magnitude, tend to make the capital investment curve move in sharp steps, up or down. But at the same time, in the current surge of capital expansion, there are also hundreds of small-to-medium-sized projects located in many areas across the country. These represent the planning and decision-making of thousands of individual businessmen who, on the basis of their own experience and their own appraisal of future prospects, have decided to go ahead with new capital investments. We may wonder about the effect of some government policies and speculate on the consequences of certain political developments, but the extent and nature of the capital investment programme which is now under way in Canada nevertheless indicate there is a strong base of confidence and enthusiasm in the business community and a firm determination to keep on developing Canadian industry for maximum efficiency. This is an important factor in appraising the short-term business outlook.

Business capital outlays in 1965 are expected to be up another 10 to 15%, again providing substantial stimulus to the economy. Housing, which also rose strongly in 1964, may show a slight further increase in 1965 and the upward trend in investment for social capital purposes, chiefly government construction, is expected to continue. The Minister of Trade and Commerce has indicated that *total* private and public investment may be up about 10%, an increase only moderately less than the year-over-year increase of 16% in 1964. This continuing strength in capital investment is a very encouraging aspect of the outlook.

The situation in the consumer sector also appears to be favourable. Personal income, which is the most important single factor in determining the level of consumer spending, has been running strongly reflecting primarily the increase in employment, particularly in the industrial sector. This has been augmented by a substantial increase in farm cash income, some rise in investment income and a strong growth trend in government transfer payments. In 1965, the flow of personal income should still be rising although probably not as vigorously as in 1964, assuming more modest increases in industrial production and taking into account the smaller wheat crop. On the whole, it seems reasonable to anticipate a balanced increase in the components of personal spending with the percentage year-over-year increase perhaps a little lower than in 1964.

Government spending for goods and services increased less than the other major sectors of demand. Total outlays by all levels of government combined increased about 5% with expenditures by the provincial and municipal governments rising more sharply than those of the federal government. Although government budgets for this year have not yet been announced, it seems reasonable to anticipate that this trend will continue in 1965. However, there is the prospect of government spending rising more sharply when the national pension plan is introduced.

Another important element of strength in the outlook for 1965 is the extent to which each major region of the country continues to participate in the general prosperity. The chartered banks with their extensive network of branches are in a unique position to appraise business conditions throughout Canada and it has been gratifying to observe the signs of prosperity and hear widespread expressions of confidence ranging from bounding enthusiasm in the west to cautious optimism in the east. At the same time, some notes of caution are being sounded and probably this is a very good thing. In British Columbia, the high level of capital investment is prompting questions about the sustaining qualities of the current level of activity in that part of the country. On the Prairies, questions are being raised about the continuance of free spending by consumers when there is the prospect of some decline in farm income. In Ontario and Quebec, some people are wondering about the duration of the surge in construction. However, in the traditionally reserved Atlantic Provinces a new feeling of confidence and enthusiasm has been developing as recent efforts to improve the business climate in that part of the country have begun to produce encouraging results.

In setting out the favourable elements in the short-term business outlook, it should be borne in mind that difficulties can develop quickly in an atmosphere of over-confidence and, as the upswing continues, we should be on the alert for signs of trouble ahead. The economy still appears to be functioning in good balance but, with further increases in the level of activity, additional pressures will be developing in certain areas.

The present high level of economic activity has been achieved with the assistance of very considerable prodding of one sort and another in the form of various government measures. Some of these are continuing to provide considerable stimulus to business while the effect exerted by others is diminishing as time goes on. Among those factors stimulating business there are the various tax incentives for investment in plant and equipment. The export promotion programmes organized by the various levels of government, in which Canadian business is participating widely have also provided real stimulus to a number of the secondary manufacturing industries. Among those measures whose effect is diminishing is the revaluation of the Canadian dollar which has probably passed its peak of effectiveness in terms of benefiting the export of Canadian goods.

Competition from imports has not, however, been reduced to the extent anticipated in some quarters at the time of revaluation. This is because the strong flow of Canadian personal income and the high level of capital investment have created increased demands for many types of imported consumer goods, regardless of their higher prices, and the investment programmes, particularly those of the business community, continue to have a high import content. Thus, some of the buoyancy in the economy is being drained off to pay for a higher volume of imported goods. This tendency for rising levels of activity to bring more than proportionate increases in imports is one of Canada's most difficult underlying economic problems.

With respect to monetary policy and credit conditions generally, it can be noted that during 1964 there was a very rapid increase in the volume of chartered bank loans. The expansion of the money supply was at a somewhat more moderate rate so that there was some liquidation of the other assets of the banks in order to accommodate the rising loan demand. However, it proved possible for the Bank of Canada to avoid abrupt changes in monetary policy of the sort which on a number of occasions in the past have required very quick and difficult adjustments on the part of the banks, and of their customers.

So far as 1965 is concerned, there would seem to be reasonable grounds to expect that the monetary authorities should be able to continue to operate by means of gradual adjustments to changing conditions. Domestic price increases have been moderate and the business outlook for 1965 is, on the whole, buoyant.

It is, of course, more difficult to assess the possible influences coming from abroad. Monetary policy is a key link in the chain of relationships between the fixed rate of 92½¢

U.S. for the Canadian dollar, the maintenance of the official exchange reserves required to enable the authorities to support this rate, and the availability and inflow of foreign capital adequate to finance whatever deficit may be incurred in the current account of the balance of payments.

Perhaps all that can be said of this is that every effort must be made to reduce our current account deficit, which arises primarily from our transaction with the United States, and maintain, on both sides of the border, an atmosphere favourable to the free movement of capital between the two countries. To the extent that these objectives are achieved the likelihood of abrupt changes in monetary policy, intended to defend the external value of our currency, will be diminished.

To sum up, the prospects for the Canadian economy in 1965 are generally favourable, and we anticipate that there will be another substantial increase in Gross National Product over the level of $46.5 billion estimated for 1964. The sources of stumulus appear to be soundly based although probably not quite as strong as they turned out to be last year. The investment programme is well under way and the flow of personal income is strong. Price pressures have increased slightly and some labour shortages are reported but, on the whole, competition still appears to be sufficiently strong to hold in check most of the inflationary tendencies within the country. In the external economic environment, there are some cross currents which could have unfavourable effects on business conditions in Canada but it is to be hoped that measures such as abrupt changes in monetary and credit policies and trade restrictions can be avoided. With these qualifications in mind, there is good reason to begin the new year with confidence.

Thanks

Thanks of this meeting were expressed by Mr. Sydney Hermant, a Past President of the Empire Club.

JANUARY 14, 1965

Science and the Aerospace Industry

AN ADDRESS BY Mr. Thomas V. Jones
PRESIDENT AND CHAIRMAN
NORTHROP CORPORATION

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

Over a year ago *Newsweek* magazine wrote about our guest of honour in an article entitled "The World of the Renaissance Executive" and as a foreword it quoted from Volume V of Will Durant's "Story of Civilization" in which he defines the 15th century Renaissance Man as, "Bold in conception, decisive in deed, eloquent in speech, skilled in art, acquainted with literature and philosophy, at home with women in the palace and with soldiers in the camp." Here, fortunately, the quotation ends, for Durant goes on to speak of attributes that would more aptly apply to the earlier Tom Jones immortalized by Henry Fielding and United Artists, when he describes the same Renaissance Man as, "a realist who seldom talked nonsense except to a reluctant woman."

Our Mr. Thomas Jones is a native Californian, a state reputed to be much like Florida except that part of it isn't for sale. He was graduated magna cum laude in engineering from Stanford University. After association with Douglas Aircraft Company and the Brazilian Air Ministry he joined the famed RAND Corporation think factory where he authored a classic study on transport planes for the U.S. Air Force in 1953. In that year he joined Northrop as assistant to the chief engineer, rose to be president in 1959, chief executive officer in 1960 and chairman of the board in 1963.

When we read of Northrop technologies, capabilities and products, as all of us have in the notice of this meeting, we see the Corporation as apparent monarch of all it surveys in the aeronautical, communications and missile fields. In yesterday's press it was reported that the Spanish Air Force is to purchase at least 70 of their F5 jet fighter aircraft so it would appear that their reign in Spain is mainly in the planes.

Mr. Jones exemplifies the Renaissance Executive–a man who blends business leadership with extracurricular breadth and tempers the profit motive with a social conscience. He has the scope, skill and stamina to engross himself in a wide assortment of outside activities where he applies the same talent and single-mindedness which brought him to the corporate pinnacle.

A member of the Board of Trustees of the California Institute of Technology, the Boards of Directors of Stanford Research Institute, the Times-Mirror Company, publishers of the *Los Angeles Times*, the Los Angeles World Affairs Council; a member of the Industry Advisory Council of the U.S. Department of Defense, the International Science Foundation, the Council on Foreign Relations, the Board of the Aerospace Industries Association; an active worker for the Los Angeles Symphony and the Art Museum and a member of the Confrerie de la Chaine des Rotisseurs, a gourmet society founded in Europe in the 13th century. He may wish to comment upon the epicurean delights he has savoured today.

It is my high honour to present one who is described as one of the most broad-gauged and imaginative members of the top management community in the United States, the Chairman of the Board and Chief Executive Officer of Northrop Corporation, Mr. Thomas V. Jones.

MR. JONES:

It was very gratifying to me to receive the kind invitation of your president to speak to the Empire Club. A few weeks ago my associates and I were following with interest the discussions of the delegates to the annual meeting of the American Association for the Advancement of Science which was held at Montreal. As you know, they devoted themselves to a reappraisal of the role of science in the nuclear age. Dr. Allen T. Waterman, president of the Association and one of the world's leading scientists, concluded that scientists face a host of opportunities "to lead the world's nation-states into co-operative world-wide ventures such as exploration of space, the oceans, the earth's crust, the Antarctic; and such practical ventures as studying human population dynamics and control, and international economic development."

The broad trend of scientific effort interests us in the aerospace industry because, essentially, we are an advanced technology industry and our continued usefulness depends to a great extent on an informed understanding of how technical effort can best be applied. Along with Dr. Waterman's conclusions, I would add that we are becoming more sophisticated in what we demand of science and technology.

Five years ago the primary concern of the free world was to maintain a lead in the technological race. The launching of a satellite then was a great achievement in its own right as a technical feat. Now we have progressed to the point where we are asking that each satellite serve some specific purpose. We have research satellites, weather satellites and intelligence satellites. We have a communication satellite and with it–incidentally–the appearance of a new kind of business organization. Here, a useful orbiting device, commercially attractive to the financial community, has brought into being a new form of organization which includes the communications companies and the public at large. This is a case in which business organizing creativity has kept pace with technical advance itself, a good free enterprise solution.

In the case of the supersonic transport we hear so much about today the problem is not technical but a problem of a sound business approach. Science is becoming more concerned with deeper payoffs from its applications. From an economic and business standpoint, it is clear that it is in these deeper payoffs that the real leverage lies. It is important that we be able to offer transatlantic and transpacific air service that is twice as fast. But think also of the economic impact if we could offer even the present service for 50% less cost. This is a point I would like to discuss more fully in a moment.

Another change that is increasingly visible is that science and research are no longer a monopoly of big nations, or big industries, or the big universities. Technical projects have become so complex that no longer is the whole job done in one place. Rather, it is the joint effort of many specialists in many places, and the critical contribution may well come from an unheralded and unexpected source. This being the case, it is up to each of us to consider our strengths and weaknesses in relation to the strengths of potential partners.

No longer can a single company pretend to do everything itself. Instead it relies on a host of specialist firms of varied capabilities. And who is to say which element of a system is of lesser or greater importance than the prime contractor. Success comes with technical creativity and competence and the ability of management to make this competence available independently, or in concert with others.

In our company we have found it essential to let the demands of the job determine how we operate. It's up to a tough-minded management to create the organizational relationships that make the best use of the resources. While we are largely a prime contractor, a great and important segment of our business comes as an associate contractor, sub-contractor, and equipment supplier. We find ourselves seeking the talents of companies not only in the United

States, but without regard to their location. The choice is simply one of competence and reliability.

On that basis, for example, I might point out that we are working with a number of extremely able Canadian companies on some of our key projects. To mention only a few, de Havilland Aircraft makes an important component for a satellite vehicle which we build for the U.S. Air Force; Ferranti-Packard Electric is supplying us with electronic components that go into a system for the Polaris submarines; Dominion Rubber makes the fuel cells, as sole source, for all of our aircraft; Jarry Hydraulics of Montreal builds other parts for these aircraft; and our space people have at various times had valuable assistance from the scientists at McGill University. In each case, the choice was based on the ability to deliver the right quality at the right cost and on the required schedule.

Developments such as these are part of the changing face of technical industry in general and the defence industry in particular. Another deep change in the character of the defence industry has been taking place over the past five years.

The high cost and complexity of modern weapons make it more important than ever to take into account the level of effectiveness we can obtain from the resources we commit to a particular mission. In most nations, as you know, defence planning and procurement have been characterized in recent years by searching examination and re-examination of the effectiveness, suitability, and cost of particular weapon systems in terms of the specific mission for which they are intended. Governments are less inclined to purchase extreme performance for its own sake if the procurement and operating costs are such that they limit the size of the force that can be acquired.

In the United States, there is understandable concern in some quarters about the possible effects on the aerospace industries, defence industries, and the nation as a whole, of shifts in defence expenditures. The big ballistic missile programmes are nearing completion. There is new emphasis on arms control and disarmament. As aggression takes new forms in various parts of the world, the military requirements change and the supporting industrial emphasis tends to shift, sometimes suddenly and drastically.

To cushion the economic effect of these shifts, we in the defence industry have been urged to find by-products of defence and space technology. We are advised to find applications by which our skills can be directed into new products to convert at least part of our capability and activity to other non-defence purposes.

I would like to present to you a point-of-view which is somewhat different. I believe that the technologies included in the industry's preoccupation with defence represent skills and areas of knowledge that are fundamental not only to military strength, but to economic strength as well.

Indeed, in thinking about the aerospace and electronics industries, I think we should not separate defence from non-defence as we are essentially being asked to do by some. We must consider them together. I hope I can show that they must be considered together – the military strength and the economic strength.

In the commercial field, as in the military, we as an industry cannot be regarded in the same terms as a manufacturer of consumer goods. The things we develop and build are not intended for the consumer. They provide the means by which others can be of service. Regardless of whether the service is to deliver a "kill" mechanism on an enemy in the case of our military, or whether it is to deliver economic cargoes to places where they are needed, we as an industry – our laboratory and technical groups – provide the means. The fundamental value of our efforts to our economy and society should not necessarily be measured solely by some current visible pay-off. The more basic our work, the more likely it is that the pay-offs will be many and the more likely it is that our contributions will relate much more to the future than to the present. It is a natural tendency, however, to attempt to measure the usefulness of an activity such as ours in terms of the pay-off in the current environment rather than in the new future environments that the very advance we make will create.

Let me give an example: A high cabinet official was asked to testify before a committee of our Congress concerning the possible military usefulness of a new logistic system of national economic importance, for which government subsidy was being urged. The cabinet official said that in his opinion this particular logistic system would not be of much military value. In conducting a war of movements against an enemy, he said, you could not expect military operations to accommodate to the fixed characteristics of this particular logistic design.

Now, before any of you jump to the conclusion that I am talking about the supersonic transport, I am not. This particular piece of testimony took place in the 1850's. It was the testimony of the then U.S. Secretary of War, Stanton. And the logistic system which, by his criteria of the moment, appeared to have little military value, was the railroad system of the United States. I needn't point out the role the railroads played in the outcome of our Civil War. As another and much later example, in 1951 a high level committee was asked to study the future role of air cargo transport – the role it should play not only in military planning, but also commercially. At the opening of the first session when the ground rules of the study were being evolved, it was agreed quite readily that the group should stick to the proper use of air cargo transport – which they defined as "a very useful emergency means of making up for the shortcomings of other more basic forms of transportation." I think you will agree that air transport has earned for itself a better estimate of its importance.

That approach failed to take into account the fact that a nation's technology and its technical strength are really a primary stimulus of economic growth. They do not merely follow and support the growth; they are the things that really make the growth occur in the first place. Seldom in terms of expenditure and pay-off does so little buy so much for a nation as the expenditures that we make on technical advances.

Take air transport as an example, recognizing that we could do the same thing in communications, electronics, and other areas. Twenty-five years ago, the common carrier for business travel between cities was the railroad and the bus. Today 60% of all common carrier transport between cities is by air. It is expected that this is going to grow to as high as 80-90% within the next few years. Even with this growth, only 10% of the population of the United States has ever flown in an airplane.

As advances in technology make possible lower operating costs, there is no question that there will be great increases in the movement of people between cities throughout the world. In overseas travel the comparisons are even more pronounced. Before World War II, there was virtually no transportation by air from the United States to other countries. By 1952, 60% of all transportation of people to and from the United States was by air. Today it is 85% and it is expected to reach 90% by 1970. Yet this year only three million people out of 191 million Americans will travel outside the U.S.

Air cargo, perhaps even more than the movement of people, offers the most dramatic example of all. The average rate for air cargo today is 15 cents per ton mile. Despite the fact that you can ship things by truck at half the cost, and by railroad at one-seventh the cost, air cargo has in the past 10 years experienced a growth of 300%. At present, the analysts forecast that the annual rate of air cargo growth in international commerce will be at the rate of 20% a year with existing equipment and with no change in the rate structure. And yet, with all of this growth, today only eight one-hundredths of one per cent of all cargo carried in moving vehicles in the United States is moved by air – eight one-hundredths of one per cent. A curve of the increase in air cargo that can be expected with reductions in rates indicates that if the air cargo rates today were 10 cents instead of being 15 cents, a one-third reduction, 1% of all cargo movement in the United States could be by air. That is a twelve-times increase just with a one-third reduction in rate. If we take into account the use of technology that we now possess – greater engine efficiencies, structural efficiences, airplane efficiencies – a rate of 10 cents a ton mile is easily possible. If we look at the next generation of technical advances, cargo rates of 5 cents a ton mile are foreseeable. The growth potential is obvious and tremendous. And, I repeat, it is only intended as one example of the kind of leverage that technology can have on our economies as a whole.

A few years ago our company acquired an important communications subsidiary. We did this because of a fundamental belief that improved communications would be very much in demand around the world for a long time to come. And that certainly has proven to be the case. Our venture was a sound one but its profitability is of minor significance compared to my thesis today. It is not so much that the thirst for knowledge and information around the world will improve the communications business. It is that the improvement in communications facilities will accelerate the spread of knowledge and information with great and far-reaching economic and social effects. Information accumulated at central points in data banks and electronic libraries will be – indeed already are – as readily available to the smallest company in Los Angeles as they are to the largest company in Toronto.

It is not the impact of these things themselves that is important; it is the increased effectiveness they bring and the expanding effects on economic growth that follow from this increased effectiveness.

Whether the problem is military or economic, history shows that if we have the means – the technical means to provide a useful service growth will follow. Growth will not occur if the technical means are not provided ahead of the growth. The German nation did not build the Rhine river, the Rhine river built the German nation. The United States did not build the Mississippi river, the Mississippi river built the areas and the cities around its banks. The West didn't open up railroads in America, railroads opened up the West. In the same way, the St. Lawrence seaway means much to the development of your country and mine.

A truly fundamental advance in technology is comparable to a natural resource. Its existence attracts the minds, the talents, the enterprise of the vast number of people who are capable of using it to generate true military and economic growth and strength. And so, in thinking of how we, as an advanced technology industry, should conduct ourselves today in looking toward the future, we should not seek the negative approach of converting to something else, but accept the positive challenge to our management creativity. We should look closely to the fundamentals of what we are trying to do as nations, both on the economic and military fronts, and carry ourselves forward by increasing the advance of our technology.

In planning how technical resources can best be used, let us not at this point in time look merely for a detailed road map to find particular products and pay-offs which would be profitable only in terms of a need of today and this moment. Let us rather determine the correct compass setting that will lead us aggressively into the future, pushing those fundamental advances that I am certain will provide the means for continued growth and a better life on this continent and throughout the world.

Thanks

Thanks of this meeting were expressed by Dr. Harold Cranfield, a Director of the Empire Club.

JANUARY 21, 1965

The Vatican Council and French Canada

AN ADDRESS BY The Most Reverend Maurice Roy,
O.B.E., D.PH., D.TH., D.D., LL.D.
ARCHBISHOP OF QUEBEC

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

In 1947 the youngest Roman Catholic prelate in Canada was named by the Pope to head its oldest diocese and the Most Reverend Maurice Roy became the eleventh Archbishop of Quebec. He returned to the city of his birth, of his baptism, his confirmation, his ordination and his consecration.

A son of Quebec and French Canada, he belongs to all Canada as in every province of our land are those who served with him and who, regardless of the denomination which claimed them on the army religious census, and including the "O.D.s," remember with affection and respect his piety, his serenity, his total absence of fear and his great genius for friendship. One of the first Canadian priests to volunteer for service overseas in the first weeks of the war, he was named chaplain of the Van Doos and disembarked with them in England in December 1939. As a Lt. Col. he served with 1 Cdn Corps in England and in the Sicilian and Italian campaigns, then as Colonel with First Cdn Army in N.W. Europe. He was mentioned in despatches for "extremely courageous conduct" and awarded the Order of the

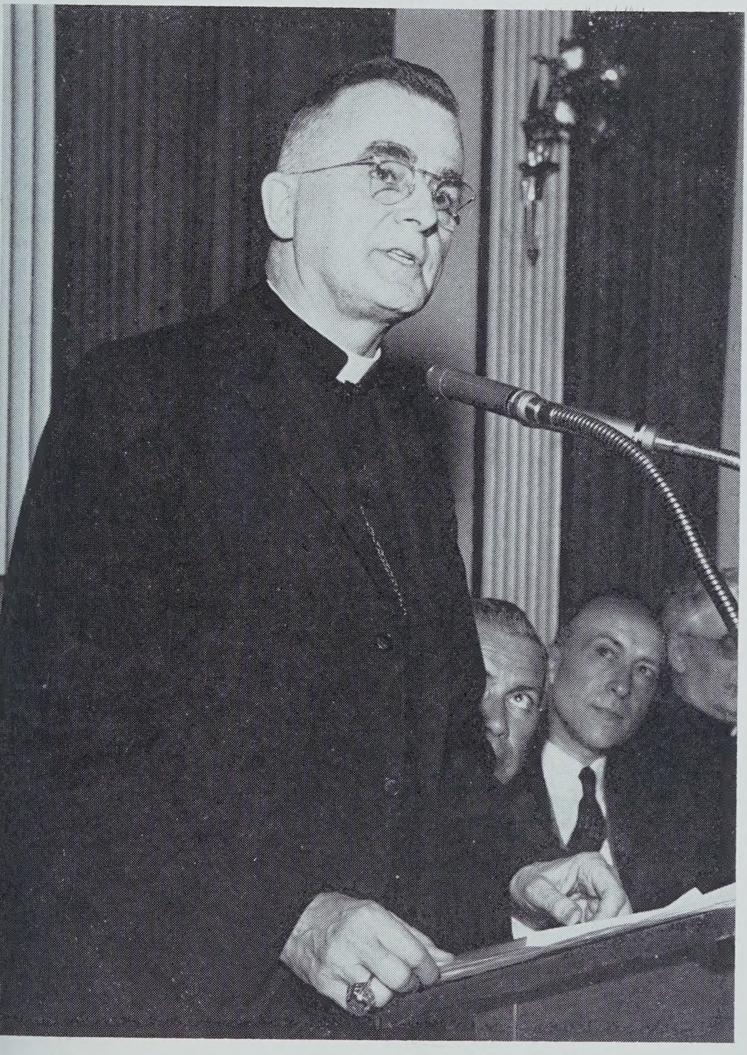
British Empire. In 1946 he was named Bishop Ordinary to the Canadian Armed Forces. Col. Roy was impressive not only for what he was but also for what he did and said. His actions and his qualities are the fruits and the manifestation of the doctrine he preaches: "the Fatherhood of God and the brotherhood of man."

Archbishop Roy took his B.A. at Laval when only 18. After ordination he studied in Paris and returned to teach at Laval with doctorates in both theology and philosophy, (he has since added two more). He became Laval's Chaplain in 1935 – Bishop of Trois Riviere at the age of 41 and Archbishop of Quebec at 42.

With the elevation of the Metropolitan See of Quebec to the Primatial See of Canada by Pope Pius XII in 1956, Archbishop Roy thus became Roman Catholic Primate of Canada.

In addition to his British decorations, the French awarded him the Legion of Honour; the Belgians, the Order of Leopold and, as a mark of the ecumenicity of the man, he had the distinction among Roman Catholic prelates of joining an Orange order, when he accepted from the grateful Dutch, the Order of Orange Nassau.

He has participated in the Vatican Councils in Rome where the ecumenical breakthrough has changed the climate of our times. All of us are caught up in the new Reformation, as all Christian churches apply themselves to the theological task of translating traditional concepts into contemporary accents. As all men of goodwill in English-speaking Canada desire to end the two solitudes that have divided us, we are anxious to know of those factors that will greatly affect our fellow citizens in French Canada. I am privileged to present and we are honoured to receive His Excellency the Most Reverend Maurice Roy, Archbishop of Quebec and Primate of Canada, who will speak on, "The Vatican Council and French Canada."



Cardinal Maurice Roy, January 21, 1965

THE VISCOUNT KNOLLYS, FEBRUARY 4, 1965

ARCHBISHOP ROY: It was with great pleasure that I accepted the honour to speak before the members of the Empire Club. This invitation was made by your former president, the Honourable Roland Michener, who is today Canada's High Commissioner to New Delhi. I came to know Mr. Michener well while he was attending courses in French Literature at Laval University in Quebec City. The invitation to speak to you was also made by your new president, Colonel Hilborn, whom I met when we served together in Italy in the 1st Canadian Corps. How can one say no to such distinguished and faithful friends.

In addition, this visit enables me to meet another good friend, Most Reverend Philip Pocock, Coadjutor Archbishop of Toronto, with whom I was closely associated in the work of the Council. It is, in any case, always a pleasure to come to Toronto; pessimists say that we should hurry to make this trip while Ontario and Quebec are still part of the same country; but I am not a pessimist and the beauty of the city and the warm hospitality which I always find here are for me sufficient reasons for a return visit.

I thought that it would be interesting for you to hear about the impact of the Vatican Council on French Canada. In fact, at first glance, we can observe a certain opposition between the aims of the Council and those of Quebec. French Canada has the reputation of being Catholic in a rather aggressive way and of being attached to authoritarian and traditional methods. The Council reveals itself as not exactly Protestant but at least open to broad and ecumenical ideas; it favours a new and more democratic way of living in the Church. What do the people of Quebec think of all this?

I believe I can answer without hesitation: If we judge Quebec, not as we have sometimes imagined it, but according to reality, we can be certain that the decisions of the Council will not meet opposition, but, on the contrary, will serve to support a process of evolution which has already begun.

One of the most interesting aspects of the Council is its ecumenical character. The observers designated by the different Christian churches occupy a place of honour close to the main altar of St. Peter's Basilica; we meet them every morning at their posts, they follow the same time-table as we, with a concentration full of piety which we find edifying; the celebration of Mass and the day itself begin with a spiritual accord which is very moving.

The observers have in their hands all the documents which are submitted to the Fathers of the Council; they listen to everything that is said by those who speak in the Council hall; their impressions and their suggestions are received with the most respectful attention by the Commissions which prepare the schemes for submissions to the general assembly.

Among the observers we were happy to see, at the last session, Dr. Fairweather of Toronto. I personally had the great advantage of receiving many of these gentlemen for dinner; on that occasion, as well as at many other gatherings, much fruiful work was accomplished. There were many exchanges of points of view; questions were clarified, souls met, valuable friendships were formed.

All this has already led to the decree on Ecumenism, adopted by the Council nearly unanimously in 1964. This solemn document opens new paths towards the unity which all desire; it speaks with affection and respect of all the Christian churches and communities separated from the Roman Catholic Church. It calls for prayers and studies to be made in common which can aid Christians to know each other better and to align themselves according to the ideals proposed by Christ.

I would now like to quote from this document: "The term "ecumenical movement" indicates the initiatives and activities planned and undertaken, according to the various needs of the Church and as opportunities offer, to promote

Christian unity. These are: first, every effort to avoid expressions, judgments and actions which do not represent the condition of our separated brethren with truth and fairness and so make mutual relations with them more difficult; then, "dialogue" between competent experts from different Churches and Communities. At these meetings, which are organized in a religious spirit, each explains the teaching of his Communion in greater depth and brings out clearly its distinctive features. In such dialogue, everyone gains a truer knowledge and more just appreciation of the teaching and religious life of both Communions. In addition, the way is prepared for co-operation between them in the duties for the common good of humanity which are demanded by every Christian conscience; and, wherever this is allowed, there is prayer in common. Finally, all are led to examine their own faithfulness to Christ's will for the Church and accordingly to undertake with vigour the task of renewal and reform."

What is the attitude of Quebec with respect to this broad-minded view of the Council? I can say without fear of contradiction that French Canada has no difficulty in entering the path proposed by the Church. There were in the past, and there still are delicate political problems between English-speaking and French-speaking Canadians; but throughout Quebec the relations between Protestants and Catholics have almost always been easy and even cordial.

Our school system allows non-catholics the right to have their own schools for their children even where they are a tiny minority, and these schools enjoy the same financial and other advantages as those of the majority. We have long been accustomed in the secular sphere to seeing persons of different religions enjoying the same rights under a common government. These friendly social relations are accompanied by a feeling of respect for religious convictions which are not our own.

As for myself, I began my classical studies long before the Council, exactly 50 years ago, in the old Seminary of

Quebec, where the attachment to the Catholic faith is as obvious as it is long-standing. During the course of my studies I cannot remember one of my professors who ever said anything unkind about our separated brethren. I think this feeling is general in Quebec. There is also no difficulty in entering into the ecumenical movement. The week of prayer for unity, in which we now find ourselves, is celebrated yearly with growing fervour.

In Quebec City itself, there is each day this week an ecumenical meeting in a different church: Anglican, Presbyterian or Catholic, and Christians of different Churches listen to readings from the Bible and offer prayers for unity; this meeting will take place tomorrow night in my cathedral.

It should also be noted that the project of constructing a single religious pavilion which is to be a Christian and ecumenical pavilion, for the universal exposition of 1967, a project approved by the Canadian episcopate, was prepared in Montreal thanks to the collaboration of the representatives of all Churches under the presidency of Cardinal Leger. With the Council the Church is thus well embarked on the broad highway of ecumenism.

Another important question studied in Rome was that of the place of laymen in the Church. We know that the Vatican Council was not content to clarify the power of the Bishops in the Church. It also insisted, with a precision which had not been so evident in the past, upon the rights and responsibilities of laymen.

Many must have been surprised to hear the Vatican Council give the following directive in the Constitution on the Church: "Let the Reverend Pastors recognize and hold up the dignity of the laity and their responsibility in the Church; they should willingly use their prudent advice, and trustingly assign to them duties in service to the Church, allowing them freedom and room for action, even encouraging them in such a way that they will undertake tasks on their own initiative. In the spirit of fatherly love, let them give careful consideration to the projects, the wishes and desires sugested by the laity. Let them also respectfully recognize that just freedom, to which everyone in the earthly city is entitled.

"From this kind of familiar exchange between the laity and their Pastors a great many goods are to be expected for the Church; by it the layman's sense of personal responsibility is strengthened, his eagerness encouraged, and his abilities more readily applied to the Pastor's work. And the latter, aided by the experience of laymen, can more clearly and properly decide upon matters spiritual as well as temporal, so that the whole Church, reinforced in all its members, may more efficaciously accomplish its mission for the life of the world."

We might, perhaps, be led to believe that a "priest ridden province" like Quebec could not conform to this directive of the Council without imposing upon itself a kind of revolution. I do not believe this. In fact, precisely in the affairs of the Church, laymen have always played a very important role in Quebec.

Our system of parish administration even gives them a larger responsibility than they have in other places. The old system of parish administration by council, which formerly existed in the Church, has disappeared almost everywhere, in Europe and in North America, but it has remained in Quebec. Our church wardens are not simply councillors; they are, by virtue of civil and ecclesiastical law, the real administrators of all the goods of the parish, under the presidency of the parish priest. They are elected by the parishioners for life. Each parish council is made up from 15 to 20 wardens and the parish priest can make no important financial commitment without them. Furthermore, in certain cases, when it is a question of contracting a debt, for example, a vote of all the heads of families in the parish is required.

This institution of the parish council has existed for three centuries and it functions in every parish in Quebec. It trains laymen to share administrative responsibilities with the clergy in the Church and provides the valuable experience of free discussion with the clergy. Each parish keeps a special register where the minutes of the meetings of the parish priest with his wardens are recorded. Historians can find therein an account of discussions, animated and sometimes stormy, during which the lay administrators convincingly demonstrated that they were well aware of the right they have, to say no as well as yes.

We should also point out the role played by laymen, in many dioceses, in the distribution of church-sponsored public assistance, which they deal with very often without any intervention from church authorities. Laymen have also performed important functions in education, in diocesan commissions on the liturgy, in missionary work, finances, etc.

The Council obviously wishes to encourage even greater lay participation in all church activities at every level. It is interesting to note that our faithful are already well prepared and that the greater responsibilities will be willingly granted by the bishops and parish priests and just as willingly assumed by laymen.

Finally, one of the important decisions of the Council was to allow the language of the people to be used, instead of Latin for a great part of the liturgical prayers. The Council has decided to let the bishops of each particular country decide which prayers are to be said in the native language. Here in Canada the bishops have used the powers given to them by the Council in a liberal fashion and they have replaced most of the Latin texts with prayers in English or in French. We should point out that this sweeping change was brought about by a unanimous vote of all the bishops of Canada, something which many thought impossible, short of a miracle.

Those who were convinced that Quebec was blindly attached to tradition may think that these changes were received with regret or at least with uneasiness. Such is not the case. The faithful have been accustomed, since time immemorial, to hearing the Gospels read in their native language at Sunday Mass. The fact that, henceforth, the use of their language will be extended much further in the celebration of the Mass and all the sacraments was received as good news. The new liturgical directions were scheduled to begin on January 1st; the Canadian Episcopate Law has decided on another date, namely March 7, because the printers could not deliver the new liturgical books on time. The faithful do not ask: : "Why have you changed liturgical usage?" but, rather "When are you going to decide to begin?"

Obviously when it comes to the French language, Quebec is always ready to speak it and on occasion to fight for it. But if we want to look at the problem from a higher perspective, I believe we must recognize that there is something greater involved than a patriotic reaction or a political tradition. There is the acceptance of a fact, of an obvious characteristic of modern society, and particularly of Canadian society.

This characteristic, we call pluralism; it derives from certain diversities of race and culture which must be respected. We have here something more than the attitude of one ethnic group toward another in the bosom of this country; it is a universal problem. The Catholic Church has been aware of it for a long time; established as it is in every country of the world, it learned to respect all races, to speak all languages, and to adopt itself to all political regimes.

Nevertheless it cannot be denied that, with the Council, She has taken a further step on this road! She had asked, up to now, that most of her children use a single language, Latin, for the principal texts of the liturgy. Henceforth she opens the door wide to every language in the world. And it is certain that it is felt more clearly than before as a result of this change the genuine respect which she has always had for every nation.

This new policy destroys the suspicions of colonialism, it prevents many jealousies, and above all it underlines the fact that, if we really want to help men to become better, we must learn to take them as they are.

I believe that it is here that French idealism and Anglo-Saxon realism can meet on common ground. Pluralism is staring us in the face all over the world; it must not frighten us in our own country. It is not up to me to go into details which, particularly at this time, would have too narrow a political reference. But I think I may say this: We have seen that, when we recognize more clearly than before the value of each national culture and the sincerity of men who do not have the same religion as we ourselves, there is no accentuation of already existing differences, but rather a relaxing of the spirit and a greater desire for understanding and unity. What is true of the world as a whole should not be false within the confines of Canada.

The pioneers who established themselves in Canada found incomparable natural wealth. They cultivated the soil, exploited the forests and the mines, and thanks to their initiative and their hard work, they produced riches and goods which their country exports all over the world.

Though we can in a few years, harvest wheat and mine copper from the earth, we cannot improvise a culture, a civilization. It is from Europe, Great Britain and France that we brought the language we speak and the social institutions which make us a civilized people. And we have not been content with what the pioneers brought with them in the way of secular and religious knowledge and social habits. We have realized that we must continue to borrow from Europe the means to maintain and develop our civilization. We have brought in from England and France, books, technicians and professors to stimulate our intellectual activity; we have, in a word, long remained, in the field of culture, an importing nation.

It was not easy, in a country such as ours, where the inhabited section is a thin ribbon which runs from the Atlantic to the Pacific to arrange for intellectual and economic exchanges which would assure the development of a civilization. Nevertheless we have succeeded and we now possess great intellectual centres; among these Toronto is certainly one of the most important.

Now that we have great universities, an intense economic life, great social institutions, we should feel able to look about, not only inside Canada, but also outside, and realize that our two cultures enable us better than others to face up to the pluralism of the modern world. We have too long regarded our cultural duality simply as a problem; it is time to look at it as a natural resource. We are a great Christian nation and Christianity was not made for any particular race but for all men. Although the Council is primarily speaking to the Catholic Church at the same time, it gives voice to the feelings which are in the heart of every generous man willing to put himself at the service of his fellow man.

It is time that we have enough confidence in ourselves to consider our culture, our spiritual resources as objects to be exported, and after having put our own affairs in order, we should offer the underdeveloped nations a little of the peace and prosperity which we have enjoyed for so long.

We have obligations towards our brothers all over the world. Canada should leave herself open to a larger extent to great ideas and prepare herself for noble deeds. Quebec which has already given thousands of missionaries to foreign lands and is preparing to adopt a system of education which will be one of the most modern in the world, is ready to march in this direction with the other Canadian provinces. I believe that with such a broad vision we shall be in a better position to settle our internal problems.

Whatever solution the statesmen arrive at, I am certain that it will be a happier and more honourable one if we strive for it together, in the spirit of the Ecumenical Council, with initiative, mutual respect and true brotherly love.

Thanks

Thanks of this meeting were expressed by the Rt. Rev. E. M. Howse, a Director of the Empire Club.

JANUARY 28, 1965

Macdonald's Greatness in His Times

AN ADDRESS BY Dr. William L. Morton
B.LITT., M.A., LL.D., F.R.S.C.
CHAIRMAN, THE DEPARTMENT OF HISTORY
UNIVERSITY OF MANITOBA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

Gentlemen, last Monday on your behalf I sent the following message to Lady Churchill and her family: "All members of The Empire Club of Canada join us in sorrowful tribute to Sir Winston Churchill, proud in the memory of the day he honoured us with his presence and remembering above all his inspiration in those days when we lived by the faith he gave us."

I ask Past President John Griffin to pay our tribute to his memory.

MR. GRIFFIN:

This is a sad week for Canada, for the British Commonwealth, and indeed for the entire world. Sir Winston Churchill has become more than a hero and more than a legend. He has become the symbol of what history may call "the Age of Transition." To use his own expression, he has been the linch-pin between the past and the present, between the old and the new. The life of no one else in our time has spanned such a breadth of years as this man's, who was grown to maturity and well known when Queen Victoria still sat on the throne. This same man took part in the last great charge the British Cavalry ever made, and lived long enough to play a major part in the building and the use of the first atomic bomb.

Whatever his passing may mean to each of us individually, his death means the same to all of us, collectively–it means that we are growing old. I am going to read to you a short tribute to Sir Winston written by my father in 1943 when the free world, in Churchill's own words, stood at a point which was, "not the beginning of the end but the end of the beginning."

When those who know not what liberty means were threatening to destroy that which decent men had worked for and had cherished–when the fires of human freedom were burning low and despair had taken root, a light appeared on the horizon of hope–a light fueled by the essence of truth and frankness, and reflected to the four corners of civilization by the most amazing man of our time.

The world was dazed. Few men, if any, knew what to believe. We stood on the brink of a precipice of political slavery. It was the darkest hour ever faced by free men. We knew not which way to turn. And then a man appeared. And never before in time has one man done so much for so many. Study this man, my friends, and see if you can find another like him in the pages of the history books. Weigh him well in the balance of your best judgment. Compare him with all our erstwhile "Men-of-the-Hour' with all their panaceas for producing plenty–with their rosy pictures of unearned ease. He did not promise to make the poor man richer, neither did he threaten to make the rich man poorer; but to him belongs the credit for the decent world we shall live in tomorrow. His value to us is incalculable and not to be spoken of in the same breath with the exploits or ideological notions of our self-anointed saviours of civilization, living or dead. But if honesty, frankness and courage are still virtues, his is the pattern which others may follow with enduring profit.

Fortunate indeed, are those of us who live in the same world at the same time with such a man. Long may he remain hereabouts after his work shall have been finished. May he be pleased with the world he has done so much to save for all men for all time.

It is inevitable that, for generations to come, our children and their children will read the story of Winston Churchill and thrill with pride because father or grandfather had heard his voice–had heard him say those ten words that shook the earth, and the like of which no man before him had ever dared to utter: "All I can promise is Blood, Sweat, Toil and Tears."

Let us all stand for a moment's silent tribute to his memory and as we do so let us remember that Sir Winston, like all men, has an immortal soul.

COLONEL HILBORN:

First let me say that as one of the separated brethren I was delighted to extend to our speaker of last week, now His Eminence Maurice Cardinal Roy, the warm and sincere congratulations of the Empire Club on his elevation. If our speaker of today would care to confide in us as to his aspirations, while I cannot guarantee results as dramatic as last week, we will certainly do what we can.

Now, a quotation: "It is precisely from these things that we are suffering, from a loose journalism, from a vague geography, from an excitable smattering of everything, from an officious interest in everybody, from a loss of strong national types, of strong religious restraint, of the sense of memory and the fear of God." As apt today as it was when G. K. Chesterton said it, in the year this Club was founded. While I cannot comment on our speakers propensity for imposing strong religious restraints and instilling the fear of God, he is here to alleviate our suffering, for as an historian he has tightened our journalism, clarified our geography, focused our comprehension, broadened our interest, paid fitting tribute to our strong national types and thus stimulated our sense of memory.

Dr. William Lewis Morton, a native son of Manitoba is Chairman of the Department of History and Provost of University College, University of Manitoba. A Rhodes scholar, graduated by the Universities of Manitoba and Oxford, he has been honoured subsequently with an honorary Doctor of Laws degree from the University of Toronto; the Governor General's Medal for non-fiction and the Tyrrell Medal for Canadian History from the Royal Society of Canada.

Dr. Morton is Executive Editor of the Canadian Centenary Series, a history of Canada in seventeen volumes being published by McClelland & Stewart. Dr. Donald Creighton, another eminent historian who honours us with his presence today, is the Advisory Editor of the series. Dr. Morton's latest book "The Critical Years," dealing with the Union of British North America and the twelfth in the series, was published yesterday.

He is not a prophet in retrospect but a wise historian, gifted with an eye and a soul, whose many volumes of history are just tribute to the intrepid pioneers and the inspired builders of our land.

Most of us here were denied the opportunity of attending Sir John A. Macdonald's 150th birthday party in Kingston on the 11th of this month as we were not invited, and we welcome this occasion to honour his memory. I cannot, of course, speak for any who, having been invited, denied themselves the opportunity of being present.

We are chosen by opportunity and bound by duty to pioneer for generation to come. The vision of our founding fathers must be with us to inspire and challenge us, for where there is no vision the people perish. We can best learn to value our heritage by reflecting on our history. We can best appreciate the present in the light of the past. I am proud to ask Dr. William L. Morton to bring us this light in speaking on "Macdonald's Greatness in His Times."

MR. MORTON:

It is a great honour to address the Empire Club of Toronto on the theme of the greatness of John A. Macdonald. It is a special pleasure to do so at this particular time. Macdonald's birth a hundred and fifty years ago was commemorated earlier this month at his own city of Kingston. On that occasion Professor Donald Creighton, biographer of Macdonald and one of the greater historians writing in English today, happily and appropriately spoke. The event was celebrated with dignity and distinction. But, from this commemoration of the first and greatest of Canadian prime ministers, the present Prime Minister of Canada was deplorably absent. And a distinguished Canadian journalist, Mr. Charles Lynch, ended his comments on the celebration by remarking that despite our best efforts we should have a hard time to make a Lincoln of Macdonald. What indifference to history itself by a former historian, what a glib and casual cynicism by an influential writer! Gentlemen, what pass has this country come to, that we cannot give serious attention to recognizing our own for what it is, that we cannot take the measure of a Canadian statesman without the blasé comment that he does not come up to some American standard?

Any student of Canada knows that Canadians have a peculiar gift for cautious mediocrity, and a special esteem for it in those to whom we entrust leadership in our affairs. But it was not a cautious mediocrity that produced Confederation, nor was it prudence and precaution that characterized Macdonald. The Confederation of the British North American colonies was one of the great events of the nineteenth century, as its revision and renewal will be one of the important events of the twentieth. Macdonald was always at the centre of the Confederation of a century ago; he was its informing mind, and I am sure that recreation of Confederation must be infused with the same spirit and the same heart as Macdonald brought to the work a century ago. For it is only if we put off our provincial pettiness, and see Macdonold in relation to his times, that we can hope to understand him for the great creative statesman that he was. This is how I invite you to take his measure, as a politician working in a decisive decade of a century that saw the western world reorganized by the idea of nationality and the fact of railway transport. That was the decade of the 1860's, the decade of the unification of Germany and of Italy, of the American Civil War, and of the Confederation of British North America, the decade of Bismarck, Cavour, Lincoln and Macdonald.

When I invite you to see Macdonald amidst these events and in this company, I am doing something very strange for an English Canadian historian to do. I know you may think me both presumptuous and absurd. It is, therefore, a matter of pleasure for me as a Canadian to say that in doing so I am in a large part modelling myself on my friend and professional colleague, Professor Michel Brunet, Director of the Institute of History in the University of Montreal, who has had for some years a lecture on the four great unifiers of the nineteenth century, Bismarck, Cavour, Lincoln and Macdonald. What a French Canadian historian had the boldness to do some years ago, an English Canadian may do today. I have not heard Professor Brunet's lecture and I do not borrow from it, but I applaud and accept its spirit. Canada and Canadians do live in this world, and we must produce men as great as the world's occasions demands, or we cease to be Canadian.

That is in essence what Macdonald did. He lived in his world, and he matched the occasion with which it confronted him. His great contemporaries did no more, and with no greater measure of success. The relative difficulties they faced, the magnitude of the particular victories they won, these we must consider, if we are to measure justly the proportion of Macdonald relative to his peers.

The more important in consequence of the two great European unifications of the 1860's, the Italian and the German, was the German. It was the work pre-eminently of one man, Count Otto von Bismarck. We need not recite a piece of history so well known. Rather let us look at it as a set task, as Bismarck himself saw it and performed. He had to unite Germany with the acquiescence of Russia, by the exclusion of Austria and against the resistance of France. This he did in three planned strokes. He quietly helped Russia in the strangling of the Polish revolt of 1863. In the tangled affair of Schleswig-Holstein he found occasion first for co-operation with Austria in 1864, and then for war with that state in 1866. Note the years: in Canada the years of the Quebec Conference and the Fenian raid at Ridgeway. The North Germany Federation was created the same year as the Dominion of Canada, and faced a France which realized that the hegemony of Europe was in the balance. While Wolseley's troops were struggling over the rapids of the Winnipeg River to make sure the West should be peaceful and Canadian, the German armies of both the Federation and the southern kingdoms were marching towards Paris and the German Empire of 1871.

The Austria Bismarck excluded from Germany was an Austria already defeated by the other of the great unifiers, Emilio Cavour. He faced a task infinitely more delicate than that of Bismarck. The task for Cavour was give Italian opinion the voice Austria had suppressed, to exclude Austria from Italy, and to bring Italy into unity despite the complication of the Papal States. He obtained, at the price of Savoy and a royal marriage, a war between France and Austria. The shock of war set the avalanches sliding. Garibaldi and his thousand raised the south and ended the Kingdom of Naples. Plebiscite after plebiscite in the northern states brought them into union. But there the play, so carefully contrived, broke down. Not until 1870 was Rome to become part of the Italy Cavour had united. Canada was not, we may note, remote from these events. Garibaldi's attempt to seige Rome at the battle of the Mentana in 1869 drew French Canadian volunteers to the Papal Zouaves in 1869, and in 1870 Bishop Taché of Red River was at the General Council which proclaimed the doctrine of papal infallibility.

The same forces that drew Germany and Italy together worked to the same end, but more violently, in the United States. There the idea of democracy expressed as human equality and the idea of nationality expressed as the self-determination of peoples who felt themselves one, played upon the existence of slavery and industrial backwardness in the Southern States to bring about not unity but secession. Lincoln, when he became president, had to deal with the fact of rebellion while asserting the continuation and supremacy of the Union. To do so he had to find soldiers, and still more, generals who could lead them to victory over the splendid leadership and superb soldiery of the South. To find the moral will to make this effort, Lincoln moved from his lawyer's position that the Union was older than the States and secession illegal, to the seer's position that the cause of the federal government was the cause of democracy and of oppressed humanity everywhere. It was this grim struggle that brought on Canada the Trent crisis, the rush of British reinforcements to the organization of its militia, and the pressing of Confederation. As background to all the planning of federation from Gettysburg to Appomattox, the cannon of the Civil War kept up a distant but menacing rumble. And Lincoln, his task of asserting the Union done, was martyred as the task of restoration began.

We have, then, the ruthless mind of Bismarck, the fine hand of Cavour, the steady vision of and lucid words of Lincoln. What has Macdonald to bring to this company? No diplomat, no believer in *machtpolitik*, no moulder of prophetic phrases, what has this Kingston lawyer, of little reputation in his profession, this politician who left no memorable speech, this statesman best known for what he evaded doing, what place has he in such company?

Macdonald's is indeed a different story from that of the other great unifiers. No task was set him, no tool, no Prussian army, no Piedmont, no federal government, lay ready to his hand. He had to find the task and make the tools to accomplish it. He was, however, a singular man. Born poor and brought up simply, he nevertheless trained his mind and acquired a simple good breeding that kept him a gentleman of easy bearing and direct humanity all his days. From the time he entered politics in 1844 to his death in 1891, he never lost his easy lanky grace, or found in Toronto, Quebec. London, or Washington, any company where he was not accepted as a man of parts and distinction. He met none of Lincoln, Bismarck, or Cavour, but he would not have been out of place with any of them, or have failed to take their measure. Macdonald was, odd as it may seem, a man who might well have been as great in a larger role as he was in the actual one he played. His was a native virtue, nourished only by the moral standards of his own people, and by the sense all his contemporaries had of being citizens of the world's leading state. Macdonald was neither provincial in outlook nor thought himself confined to a constricted colonial life. He never doubted that he belonged without reserve or limitation to the world of his day.

We can, therefore, see why he brought to the work of Confederation the large and national view he did. He alone of the many able men who contributed to Confederation, Brown, Galt, McGee, Tupper, Tilley, had a clear, central view of what was necessary to the future of British America, and what was possible to ensure it. For he had found the task to which his life was committed. It was to preserve the union of the Canadas and to include the other colonies in a national unity that would ensure independence on the continent of North America.

To accomplish this task he had to forge a tool for the purpose, and this he did in the Liberal-Conservative party in 1854. When Brown of Upper Canada and Dorion of Lower Canada began to have success in their endeavours to make the Canadian union a federal one, he with Cartier took up Galt's proposal of a general federation. A general union would contain, would make less headlong, less violent, the clash of French and English majorities in the valley of the St. Lawrence.

It was the coming of the Civil War in the United States and the rise of Gladstonian liberalism in England that forced this natural procrastinator–this Old Tomorrow as men came to call him–to strike out to complete a task become suddenly urgent. The first shock of war the reinforcements brought by the Trent crisis had met. But his failure in 1862 to carry his militia bill; the shock of Lee's repulse at Gettysburg in 1863; the Schleswig-Holstein crisis early in 1864 and the British wish to call the reinforcements home, all these things made his task as clear as it was urgent.

He had first to ensure that there should be union, and a general union of British North America, not a federal union of the Canadas. There can be little doubt that the plan of general union sketched at Charlottetown and carried at Quebec was in its final form largely his work. Next, he had to ensure British support until the union was formed and established. This meant resisting the clamour in the British Parliament to withdraw the British garrisons from the St. Lawrence. Next, he had to find money to build the Intercolonial pledged to the Maritimes and the Pacific railway planned for the West. This meant British capital, as American capital would strangle a railway line that would be tellingly competitive. Finally, he had to resist those encroachments on Canadian life in the fisheries, in manufacturing, in transport, that American special interests always felt free to make and always sought to have their government support.

In nearly all these issues, with no army, no great government service, with an unruly Parliament to persuade and a new country to govern, he won sufficient victories. He got the central government with all the great powers of government that he desired. He kept the British garrisons until the West was annexed in 1870–by a stroke of luck until 1871. He got imperial guarantees for his railway projects. And in 1871 at Washington, alone and thwarted by British pressure, he saved a great deal for Canada, and saw the United States accept as its northern neighbour the continental union he had created.

In short, out of the convulsions of the 1860's he brought the Canadian union that organized the northern half of the continent. When every great power, France, Russia and England itself had withdrawn from North America before Lincoln's reconstituted union, Macdonald by firmness and conciliation had preserved the independence of the British American colonies in the Dominion of Canada. That was his masterpiece.

In his own lifetime, his work was to triumph in the nation he had made and led. That it was no match for its great neighbour, or for imperial Germany, or for historic Italy, is no comment on the magnitude of Macdonald's task, the difficulties he overcame with scant resources, the skill he displayed amid petty distractions. Among the four he stands first in personal resource. No one used so little power to so great an effect. He was superb as a combiner of men and ideas. There were few men of note in his day, even opponents, who did not become his colleagues. A man of few ideas but a strong central purpose, he could use the idea of others in a creative whole that was wholly his own. Finally, he was liked, however grudgingly, by nearly all his opponents, and loved by his followers. "You'll never die, John A." – what acclaim for any man to win!

This I like to think suggests his measure. Macdonald can keep company with his great contemporaries, and bring to that company his peculiar qualities of moderation in the quest of power and of humanity in its use. He is not to be placed first or last; he is to be grouped with them, with his easy grace and his enigmatic half smile.

And if we are to leave him with his peers, it surely means that this country may look with respect to the memory of a man who was great in his own time and whose work, if it is to be re-done, might well be done again in the same spirit of reason, moderation and good humour with which it first was done. Let us in any event honour our history and avoid the cynicism of the shallow and the glib by maintaining, by renewing and recreating this country that Macdonald more than any other made.

Thanks

Thanks of this meeting were expressed by the Rt. Rev. E. M. Howse, a Director of the Empire Club.

FEBRUARY 4, 1965

Modernizing Britain

AN ADDRESS BY The Viscount Knollys,
G.C.M.G., M.B.E., D.F.C.
CHAIRMAN
ENGLISH STEEL CORPORATION LIMITED

CHAIRMAN The Second Vice-President,
Mr. R. Bredin Stapells

MR. STAPELLS:

Britain and Canada have many things in common. In this month of February, 1965, the phenomenon most common is our governments balancing precariously and nearing economic disaster.

In Canada, we have the diagnosis of an ill-trained and increasingly unemployed labour force.

In Britain, there is a fully employed but underproductive labour force.

We solve all our problems by appointing commissions, and hence our economic problems have just been solved by the publication of the first report of the Deutch Committee.

Sterner stuff was for Britain. The first prescription was the shock of competition through entering the Common Market proposed by the late Conservative government. The new Labourite doctors now prescribe the direct medicine of nationalization – with the steel industry as the patient on the table for the second time.

How can industrial Britain deal with the modern world?

Lord Knollys, trained as a chartered accountant, found his first career as a banker with Barclays Bank. His second career was general insurance with the Employers Liability group; his third took him 200,000 air miles in four years as chief of B.O.A.C. and earned him the title of the "Flying Peer"; in his fourth career he directed that vast industrial complex – Vickers Ltd.; and finally he is now Chairman of English Steel Corporation Ltd.

As Governor of Bermuda during part of the last war, he was exposed to the problems of government.

From this diverse experience, our Guest will diagnose for us the position of Britain today.

With great pleasure, I present to you Lord Knollys, Knight Grand Cross of The Most Distinguished Order of St. Michael and St. George, M.B.E., D.F.C.

LORD KNOLLYS:

I appreciate very much your having invited me again to meet you at one of your luncheons, for I remember well what a pleasant occasion it was for me 7 years ago, on a similar occasion. I have been coming to Canada every year now, since I first came over for my Insurance Company over 30 years ago, and I am so pleased that whatever businesses I have been connected with they have always, luckily for me, had a Canadian interest. For example, I have recently become a Director of International Nickel, which has I think quite a well known connection with Ontario.

I am particularly pleased to see here today my old friend Mr. Brockington, but his presence really makes my task of speaking to you even more difficult. His renown as a speaker and broadcaster of almost Churchillian standards makes him an uncomfortable critic to be sitting alongside one. We in England well remember some of the outstanding and moving broadcasts he gave during the war.

I think you might like to hear something today about the economic situation in my country and its effect on our position in the world – this new, complicated, difficult, but exciting world, which we have to face and come to terms with. In fact my theme is really – How Britain *has* been modernizing and is equipping itself to be, in the modern phrase, "with it" and to maintain our position not only to be effective industrially, and so survive, but to have a proper and real influence in world affairs.

Economics are now more than ever closely bound up with politics, but I want to be as objective as possible and I speak as a rather varied industrialist, and not at all as a politician.

Let me say at once that I know Canada well enough over the years to realize that you are anxious about our situation and where we are heading and may even have doubts as to our ability to deal with our long term problems. That is not perhaps surprising, for you must have been hearing the whispers – often rather stage whispers, particularly from across your Southern border – that we won't face *modern* facts of modern life, that we cling desperately to the past, that we lack the energy and initiative needed for these times. And that because of all this we do not count in the world's councils as we used to. We ourselves contribute to these overseas views through our traditional habit, which is now carried too far, of running ourselves down. I believe however that you members of the Empire Club of Canada do not accept these views – but it is often a comfort to be reassured with facts.

What is needed by any great country to hold its place in the world today and to have a proper influence, in order to make a worth while contribution towards solving the problems of the world, as well as domestic ones?

First, a viable economy, that is, to earn enough to live and to maintain acceptable living standards, and through that to prove to the world that one has the necessary initiative, inventiveness, skills and drive needed to be competitive in a highly competitive world.

Secondly, for World Influence a nation must show that generally and over long enough periods that it has traditions of political stability, matured judgment, and moral standards, which give others confidence, and, for example, make

Lord Rothschild, March 4, 1965

James S. Duncan, March 18, 1965

one worthy of being consulted when an experienced opinion is required.

How does Britain measure up to these yardsticks?

First of all, we are a country of curious contrasts and contradictions. We have now the greatest prosperity amongst individuals we have ever had. We have the lowest possible rate of unemployment – less than 1% in many areas. Though we have an official 42 hour or even 40 hour working week the average hours now actually being worked are 46. We have a great surge of modernization in industry and in education. But at the same time we have a recurrent balance of payments problems, a shortage of labour, and are consuming so much at home that we are not exporting enough to pay for these imports. And perhaps our greatest difficulty is to convince people generally, in apparently prosperous times, how serious the situation is, and how urgent it is to take the drastic measures needed to remedy it, not least because people know we have had six crises of this kind in the last 17 years and that we have so far survived them all. For such measures can only be successful if there exists understanding and co-operation amongst all individuals in every walk of life throughout the country.

The fundamental problem of our economy is how to be fully competitive in a world where it is harder than ever before for us to sell the goods necessary to maintain our position in world trade and our standards of living. Our dependence on exports is unique. We solved this in the past by being a leader in industrial techniques and know-how. Our relative position is changed now that other countries have caught us up. What was accepted by customers before is now not enough. But I believe that after some rude shocks and some essential self-analysis we are well on our way to deliver the goods – realizing that these are not those *we* think are the best, but what the customer demands.

To attain this competitiveness and to maintain it, there must be in every one of our industries, and above all in those which export:

1. Modernization of machines, methods and of men combined with effective human relations in industry, without which no modernized methods can be wholly effective.
2. Self-analysis, leading to a new approach.
3. A higher status for Research.
4. A high priority for Education, particularly technological.

I believe the vital importance of these objectives are broadly grasped by much the greater part of British industry and by Government and I will give you some examples to show why I think so.

One of the declared objectives of our new Government was how to modernize Britain. That is splendid, but I would amend it to say its aim should be to encourage and help "the *further* modernization of Britain." For a tremendous amount has been done by industry in the past few years, as those of you who have been visiting our country know, in modernizing plant, machines, methods and, as important as anything, ideas. That does not mean that we have not been slow in starting–as so often in our history–nor that there is not a great deal more still to be accomplished both by management as well as members of Trades Unions.

To give you some examples from my personal knowledge. Our steel industry–so much criticized for political purposes by some of our own people–has spent in the past 10 years over £1,000 million in capital expenditure for the purpose of expansion and modernization. The Company, of which I am Chairman, has built and is operating one of the most modern automated rolling mills for special steels in the world. Some of my friends in America even told me, not so long ago, that our steel modernization has in many cases been in advance of theirs.

There has been a good deal said about our steel productivity in comparison with others. The facts are these. Our productivity is admittedly about half that of the U.S.A. But it is generally equal to that in the Continent of Europe, which, though often held up as an example, must therefore also be about half what is achieved in U.S.A. Our prices – an important test of efficiency – are lower, and one must be careful in accepting some of these statistics as truly comparable.

You may expect me to say something about the proposed nationalization of steel. I do not have to tell you what my own opinion, as the Chairman of a highly modernized Steel Company, is on this subject. There is no economic justification for this disturbance but only a political one. But it looks as if the Government are determined to press on with legislation.

In the vital field of Labour Relations, in some respects we have been ahead of other countries in management-union relationships (although the results often seem to belie this). In others we still have the problem of outmoded restrictive practices. But the spectacular "Statement of Intent" agreed recently, jointly by management, Unions and Government, is at any rate a great step forward in co-operation. For this declaration actually states on behalf of Trades Unions and management organizations that "we undertake to encourage and lead a sustained attack on the obstacles to efficiency, whether on the part of management or workers." This is a striking advance and recognizes the fact that it is not only labour which has been at fault. This could be a great achievement and one perhaps only possible with a Labour Government, if all parties to it are really determined to carry it into effect, and some leading Companies are already showing that they mean to.

As to self-analysis, I will quote one other sign of the determination of British industry to be more than ever efficient. A number of our largest industrial groups (including one with which I am connected) have, in the last few years, brought in firms of management consultants to advise them on new ideas for efficiency and organization and have even been taking their advice. This may not seem unusual to you, until you remember the traditional British reluctance to think that anyone outside their own business can give any advice worth having.

Research, basic and applied, with the techniques of development which must accompany it, have been having more attention than ever before. Two years ago I was called upon to be the Chairman of a Committee set up by our Federation of British Industries to examine what was needed to encourage civil research, and how Government could best help and support what was already being done and should be done in universities and in industry itself. The Labour Party, both before and after coming into power, has largely adopted our recommendations, some of which were quite drastic, and are showing signs of being very much in earnest in finding the best means of giving proper support in this essential field.

Outside industry itself, (but in an area which affects our ability to hold our own in the future) I would mention what has been done in Education – particularly in higher, scientific and technological education. You will have read of the rash of new universities which are springing up all over the country, financed partly by Government, partly by private donors who are mainly industrial Companies. £5 million has just been raised from industry in a few weeks to set up two large Business Schools attached to universities, one in London, one in Manchester.

One example which I think typifies the enthusiasm of industry in the cause of technological education has been the founding, without any Government assistance, of Churchill College, Cambridge, inspired by Sir Winston's own far-seeing views as to our urgent need for more and more scientists and technologists. I am one of the Trustees. We have raised £4 million from British industry quickly for this single College, which is now actively in being, with 70% of its students studying scientific subjects, one in three being post-graduates, and with Sir John Cockcroft, well known to you here, as its first distinguished Master. I am glad to say that 2 Fellows and 17 students (9 there now) from Canada have already attended the College. It is worth noting that Churchill College is also the chosen national memorial to Sir Winston–uniquely created in his lifetime.

I think you will agree that the picture I have given you is certainly not one of a decadent industrial nation in decline. And indeed our affairs are already showing signs of improvement. Exports are up, sterling is strong and no less an independent authority than Mr. Dillon, the Secretary of the United States Treasury, said a few days ago that the period of our crisis seems to be past and that from now on things should be getting better in the United Kingdom. He foresaw no devalution of the pound.

But more than industrial progress and achievement is needed to maintain a country's standing amongst its fellow nations. Its reputation and prestige cannot be based on material efficiency and success alone. It must be respected for its proven qualities of character, stability and soundness which we look for also in individuals, as for example–those whom we want to rely on in difficult situations and who we feel we would like to go to for advice, when sound judgment is required, which we perhaps do not feel we shall get from other more attractive or spectacular friends.

And when people look round for new up-to-date friends and allies, perhaps disappointed with the actions and attitudes of older ones, I think you will agree that those with long memories, and where material power is less important than qualities of character, are inclined to look for a record of basic political stability, of steadfastness in crisis and of experienced judgment. I believe that we still and shall always measure up well to those requirements.

It is, I think, worth noticing that when certain former East African Colonies achieved independence recently and then immediately ran into grave trouble and disorder they did not turn for help to countries which had been critics of so-called colonialism, but to the most obvious so-called colonial power of all–Britain. Such a show of confidence is encouraging.

Of course from time to time we make mistaken decisions, and take badly-timed action–who does not? We should remember that in politics as in business, however right a decision, it is so often the handling and the timing which count most–not so much what you do but how and when you do it. I am afraid we have given examples of this recently.

We all, from time to time, have varieties of Governments which we don't always like to agree with–perhaps you have sometimes experienced this yourselves in your own history. But I am perfectly sure, as I believe you are, that whatever problems we may have in the short term, our country will tackle and overcome them and maintain our outstanding position in international affairs, if not now because of great material power and resources, certainly because of qualities of character which are so much needed in the world today.

And after last week's events I believe too that my country is still capable of the exertions which Sir Winston Churchill was able to call forth, and that at this very time the memories of his example, which his passing has called up, will be an inspiration for the nation to bestir itself to accept more readily innovations in thinking and methods. The words of his victory broadcast in 1945 contain for us an inspiring message for our future for he urged us then "not to fall back into the rut of inertia and confusion and the craven fear of being great."

To respond to this would be his greatest memorial.

Thanks

Thanks of this meeting were expressed by Mr. Arthur Inwood, a Past President of the Empire Club.

FEBRUARY 11, 1965

Higher Education in Ontario 1965

AN ADDRESS BY The Honourable Leslie M. Frost,
P.C., Q.C., LL.D., D.C.L.
FORMER PRIME MINISTER OF ONTARIO

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

In 1961 the second meeting of our Club year was addressed by the then Premier of Ontario, our guest of honour again today, the Honourable Leslie M. Frost. It is interesting that on that occasion he was introduced by Dr. Z. S. Phimister who himself has recently been promoted to the subject of our guest's address "Higher Education in Ontario."

The Hon. Leslie Frost has served his country with distinction in peace and war. His contribution to political life in Ontario deserves to be rated at its highest worth. I believe that what the Economist recently said about R. A. Butler's influence in the United Kingdom applies to that of Leslie Frost in Ontario. They opine that during these last extraordinary two decades it would not have become natural for so large a part of the decisive middle section of intelligent opinion to associate the concept of progress with a party that calls itself Conservative were it not for him.

Less than a week after last speaking from this Club's rostrum, Mr. Frost resigned as leader of the Ontario Conservative party, and a few days later as Prime Minister of

Ontario, after leading our Province through 12 years of extraordinary growth. The political barometer at the time was steady. The climate was moderate to warm, with occasional jesting references to the "frost bite." We are assured that his action did not in any way reflect upon the reception accorded him by this Club six days earlier, but rather that he was motivated by Thomas Jefferson who said, "If a due participation of office is a matter of right, how are vacancies to be obtained?" and by a desire to hand over the reigns to a younger man. Such a desire in itself is somewhat of a distinction within the Party he serves.

I give no credence to the suggestion that he had higher aspirations and hoped that his action would set an example as in the first place there obviously was no vacancy and secondly, the argument that youth should be served is hardly justified when the incumbent is only two days your elder.

The preceding meeting in 1961 was addressed by one who, also born in the same year as Mr. Frost, has recently emerged from political retirement into chauffeured mobility –Frederick G. Gardiner. Three leaders at three levels of government, contemporaries at birth and in political service. 1895 was a vintage year, conservatively speaking.

Mr. Frost now serves on the Boards of a great many substantial corporations. He has been awarded honorary degrees by virtually every university in Ontario, is an Honorary Bencher of the Law Society of Upper Canada and serves as a member of the Board of Governors of the University of Toronto.

Believing that education is not as described by Sir Josiah Stamp "the inculcation of the incomprehensible into the ignorant by the incompetent" but rather as the only interest worthy the deep, controlling anxiety of the thoughtful man, he has accepted the responsibility of leadership that the privilege of education involves. He has devoted untold hours of intelligent effort to his role as member and until last autumn Acting Chairman of the Committee on University Affairs, and I am greatly honoured to present the

Hon. Leslie M. Frost who will address us on "Higher Education in Ontario 1965."

MR. FROST:

It is a very great pleasure to be here today with my old chief, George Drew, who in his day had much to do with the initiation of many of the things about which I shall speak. It is also a very great pleasure to be present with my old friend, Ted Jolliffe, who was the leader of the opposition for a number of years and who was leader of the opposition in the beginning of my Premiership. Mr. Jolliffe is essentially constructive. He contributed greatly to our Province. Some three and a half years ago the Empire Club, in asking me to address it, made me an honorary life member. In accepting this great honour, I felt that as I was leaving public life I should never again address this Club. No doubt you felt the same way. As a matter of fact, since that time I have rarely made any public statements or addresses. That I do so now is mainly the fault of your President for asking me and partly my own for my inability to tell him that there are many others more qualified to speak to you on the subject of Ontario's greatest problem and, at the same time, opportunity–education.

It is 21 years ago since, as the member of a new Government, I introduced a budget in part dealing with this subject matter. For some years previously, I had been opposition critic in financial matters. I should tell the Honourable Mr. Allan that I used to call the budgets of the then Treasurer dull and unimaginative. That is what I used to say well over 25 years ago. He might tell some of his critics that they are not very imaginative to use criticisms of all that time ago. My budgets in their day were designed for the times we were in. Mr. Allan's budget of yesterday was very much different from my budgets and was designed for 1965 and the years ahead. Through most of the intervening years, the problem has been close to me because of its importance to both Government and people and, of course, because of the times in which we live. Since 1961, at the instance of the Prime Minister, I have been a member of the Committee on University Affairs and it is in that capacity I have to qualify myself on the subject on which I shall speak.

Why the Committee? In these days of massive Provincial Government assistance, the preservation of university independence is of high importance. This is pointed up by the York University campaign which is now launched. $100 million is required for capital expansion. $15 million will come from subscription, $30 million by way of loans which will be paid for by the Government and the balance of $55 million will be in direct Government grants. The purpose of the Committee is to provide an independent contact point between the individual universities and the Government and its departments. The Committee on University Affairs is under the chairmanship of the Chief Justice of Ontario. Of its eleven members, five are respected members of the academic community. The others have their own varying interests as well as that of education. The eleven are all independent and all have their own views. Sometimes on the Committee, there are many different opinions but then I can say, as with reasonable people, the common sense consensus prevails and reasonable decisions are arrived at. It is from that background I speak to you today. My views here expressed may be different from my colleagues on the Committee. That, I can assure you, is one of the essentials of university independence. My job here today is to give you background and some of my own views which you no doubt will substitute with your own, all of which helps to provide that consensus which in the end is the successful method of democratic government.

Again, education is our greatest problem and our greatest challenge, at the same time, our greatest opportunity. Its challenges are not peculiar to us here in Ontario alone. They, in the main, apply to all countries. Here let me venture to say that one of our greatest contributions and one of our most valuable exports to the undeveloped world is education. Anything else, while desirable and necessary, is superficial.

The last twenty years has been a period of tremendous change and development in Ontario. In education there has been almost a revolution. We are too close to the event to really appraise what is taking place. These tremendous changes have been brought about by several factors: the great objective and desire of our people from our very beginnings for equality of opportunity in education; technology and the impact of the internal combustion engine which has made possible snow ploughs, school buses and a fine road system upon which they can operate, in fact, the end of the little red schoolhouse; the rapid population growth and a greatly increased birth rate; our emergence on the 6th of August, 1945, into the nuclear age with its requirement that every person must be equipped and have the opportunity of being equipped with the best type of education possible.

The mighty effort of the people of Ontario in education can best be demonstrated by a small bit of statistical evidence. In 1944, we had 650,000 children in our elementary and secondary schools and 13,000 in our universities. Twenty years later in 1964, we had two and a half times as many children in our elementary and secondary schools, or 1,675,000, and almost three and a half times as many university students, namely 46,000. The universal opportunity for secondary education is reflected by the fact that secondary school population has increased in that time well over three-fold. This impact is now reaching our universities. The next decade will see our university population continuing to grow at a more rapid rate than our school population generally.

Comparisons of school and university population tells one side of the story. A look at the costs involved tells another. I shall not use the word "cost." but rather tell you about the investment in human resources, upon the success of which our future will depend. I have referred to our age-old objective of equality of opportunity. Let us look at this in the context of the modern age. Such spending is the soundest and best investment we can make. The appropriate view today is that such investment, providing that each child in our Province shall have the opportunity of being equipped with that education best suited to him, is a fundamental necessity of the days in which we live if our Province and our country are to achieve their manifest destiny. The Ontario budget for the year ending 1944 was about $116 million which provided about $15½ million for education at all levels, elementary to university. This was about 13% of the total budget. In the budget delivered yesterday, the ordinary appropriations of the Province on ordinary account are about $1,204,000,000. Of this, the total Provincial bill for education is about $508,600,000, or 42%, indeed startling evidence of the revolution I have mentioned. Higher education costs a very great deal of money. The universities received, this current year, from the Province on capital and ordinary account approximately $101 million which is approaching one-quarter of Ontario's total bill for education – for 46,000 students out of a total of over, 1,700,000. What I have referred to is, of course, a tremendous investment in the development of our human resources. I have been asked today to speak on the field of higher education. Our present university population is on target at about 46,000. The next five years, namely by 1970, will witness the doubling of this population to approximately 92,000. In a nutshell, the immediate problem is to provide space and teachers which I am quite sure can be accomplished.

This is what has been done. Twenty years ago, there were three Government assisted universities – Queen's, Toronto and Western. Today we have sixteen Provincially assisted institutions, namely, Brock, Carleton, Guelph, Lakehead, Laurentian, McMaster, Ontario College of Art, Osgoode, Queen's, Toronto, Trent, Waterloo, Western, Windsor, York and Ottawa in science and medicine only. Last September, we were 1,000 places ahead of demand and it is hoped to maintain that margin. There are some very interesting stories concerning the development of these new institutions which time does not permit me to recount. It is sufficient to say that in addition to the creation of the new colleges, the old ones have witnessed changes, which an alumnus returning after a space of years, would think phenomenal indeed. Toronto University, for instance, will now have three campuses which would have been unthought of only a few years ago. For the newer institutions we have the same dramatic effects. York University which came into being only in 1959 will have 7,000 students by 1970. Brock University which accepted its first student last September will have 2,000; Trent University, 1,400. The growth at Waterloo is most dramatic. It started in business in 1957 and this coming September will have an enrolment in excess of 4,000 students. It is upon these well laid foundations that the Province can build in the future.

I have referred to the fact that in this present fiscal year, the capital and ordinary grants for our universities will be a little over $100 million. This great support has been given in a manner consistent with established Ontario policy which really began with Robert Baldwin about 115 years ago, arising out of great controversy. Ontario has developed this policy in the area of higher learning in a very successful manner. Public funds have been directed only to those institutions of higher learning which are non-denominational. On the other hand, our religious colleges have the opportunity and, indeed, are encouraged to affiliate with the strong non-denominational Government assisted universities, with the result that the religious colleges share and participate in the great system of education which is Government assisted. The result is that education is non-denominational. On the other hand, religious colleges can share with the result that in this materialistic age there is a recognition of the spiritual. There are several examples of what I speak of in Ontario today but, of course, the outstanding example is that of the University of Toronto where we have Wycliffe, St. Michael's, Trinity, Victoria and Knox around the central non-denominational institution which all students attend for their interested subjects in common. Among the new colleges, Windsor, Waterloo and Laurentian are inspiring examples.

Laurentian is not only the centre of a federated University, but is bilingual as well. In these days when education at all levels has changed so fundamentally, when we have introduced even at elementary levels languages and vocational training, the costs to the Province are immense. It seems to me what we have done in our universities may provide a really workable and satisfactory system of shared education at both elementary and secondary levels. Diversified education–technical, vocational, business administration–is the order of the day and can be available to all. Money and bricks and mortar, of course, are important but if we have not the teaching resources these can amount to nothing. At the university level we are, naturally, facing competition for university teachers because the university problem is not common to us. In the development which I have outlined, it became evident that Ontario must be prepared to find within its own population and to train the teaching staff required. This program is now successfully under way. Universities are expanding their programs of graduate studies in such a way as to encourage larger numbers of able young scholars to consider careers in teaching. I shall not describe the Ontario Graduate Fellowship Program other than to say that in 1963 there were 800 students. This has now grown to 1,200 and it is estimated it will reach 2,000 next year. The library problem is being substantially assisted by the Ontario New Universities Library Project which is now processing 40,000 volumes which will be the initial libraries of five of our new institutions. This plan has been money-saving and successful.

From what I have said you will recognize that higher education in Ontario is an enormous subject with many facets. It was for this reason the Committee on University

Affairs recommended to the Government the establishment of a Department of University Affairs. In my judgment, this is a very big forward step which will enable the intensive consideration of a variety of the implications and development of our sixteen institutions on an economically planned basis without interfering with the independence of the universities. Many new angles will develop in the years ahead depending upon the policies of the people's governments. For instance, Medicare obviously cannot be operated without doctors and medical personnel. The Department is presently, in co-operation with the universities, expanding our medical teaching facilities in accordance with a statement recently made by the Premier. We are living in a world of change. Our institutions of higher learning must be prepared to meet emphasis on any front and the new Department will provide an indispensable agency of consolidation of effort on the part of Government and the universities.

New problems and challenges are bringing about change from traditional methods within the universities themselves. Great success has been achieved by The University of Waterloo in its programme involving the academic and, in co-operation with industry, the practical. The principles involved are now being extended to some arts programmes. Television, now being used on a closed circuit basis at McMaster and York Universities, will undoubtedly play a major role in the years immediately ahead. Electronics and technology will undoubtedly increase the scope of the individual teacher. The computer will lighten his teaching work load and leave him freer to study, to teach and to personalize his work. Year-round operation of campus facilities, a matter of differing opinions in academic circles, is to be instituted at the new University of Guelph this coming year. All of these things underscore new methods by which our universities may meet the challenges of the future.

Now, as we look into the future, there is another area which to my mind we must all examine very carefully.

Please remember what I have said at the outset about the members of the Committee having their own views. The following are some of my personal views which may not reflect those of others. I should like to refer to the possibilities in higher education that are not related to the university as such. University population is usually thought of as being in the area from 18 to 24 years of age. We have the lesson of the "drop-out" which, in effect, means that a relatively small percentage of pupils who enter secondary school complete Grade 13. For example, in June of 1964 only 18% of those who began Grade 9, five years previously, received their Grade 13 diploma. Ten years before, this was only 11%. In other words, the academic programmes of other years were not attractive to the larger proportion of pupils available, hence the introduction in Ontario of massive vocational and business administration programs. 312 technical and vocational projects have been opened in Ontario secondary programmes. These courses can all lead to university or higher levels. If we apply this lesson to the group 18 to 24 years, from which is drawn the university population, we are going to find that a very large proportion of the available students are not university material and to make it appear that they are, accordingly, second-class students does injustice to them and harm to our economy. It is simply not true. These young people are strong in potential, but perhaps short on academic inclinations. There should be reasonable and respectable academic jumping-off places into life and employment which do not encompass the full university treatment. Nothing is to be gained on one hand in placing a very large number of young people under disability by making a university degree the only means by which the door of opportunity is opened. It is also a tremendous burden to the taxpayer because enormous expense could be brought about by loading up our universities with pupils who are only there because in the kind of order we have created, they feel they have to. The principle involved is seen, for instance, in the diversification now in effect in our secondary system.

Great efforts which will no doubt be expanded are being made to deal with that important potential which in the past we have referred to as "drop-outs". We have the creation of institutes of technology beginning in 1946 with what is now the Ryerson Polytechnical Institute. Vocational centres, which are a variation of the Ryerson school, are now being established. Now we have the interesting studies initiated by the Honourable Mr. Davis, Minister of University Affairs and Minister of Education, regarding the type of institutions which in the United States bears the name "community college". Such institutes, as I understand them, could provide the respectable jumping-off place to which I have referred. Indeed, an intermediate degree or diploma could be granted which should be widely acceptable in business and industry. At the same time, such institutions could offer to groups of all ages the possibility of proceeding on to full university work if their aptitudes so indicate. In other words, our universities with their high costs and with their highly-qualified and expensive staffs would be freer to concentrate on the pupils who have real university aptitude, while the other institutions and colleges would cater to those who have very real potential and ability but in somewhat different lines. Business, industry and civil service should not get into the habit of requiring a university degree simply because it is "the thing to do." Such an attitude can be a disservice to the individual and to our economy and can be the cause of untold expense. Our plan for higher education should be designed to utilize our manpower in the best way instead of blindly trying to press our manpower through a form of education which can only lead to "drop-outs," disappointment and needless cost. The so-called "drop-out" area at secondary and university levels can be our greatest pot of gold human resource-wise if we cultivate its possibilities.

Gentlemen, this is the general outline of a great problem. I thank you for the opportunity of telling you about it. May I just close on this note which I address particularly to the young men here. Our problems, of course, are great but there is nothing that we cannot do. Just keep your sights high and remember that our opportunities are boundless for those who have the vision and the courage to take advantage of them. Above everything else, we have to have confidence in the destiny of our country and confidence in ourselves to do the job. Thank you very much.

Thanks

Thanks of this meeting were expressed by Mr. E. B. Jolliffe, Q.C., a Director of The Empire Club.

FEBRUARY 18, 1965

Canada's Defence Reorganization

AN ADDRESS BY The Honourable Paul T. Hellyer
P.C., M.P.
MINISTER OF NATIONAL DEFENCE

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

If I may indicate very generally and briefly the characteristics of the relatively short yet distinguished career of the Hon. Paul Hellyer, I begin by asking you to note one which every citizen wants to see in every public man, be he of his own party or any other, and that is the capacity for leadership. The speech or the writing, or the act even, is as nothing to the man behind it and to the impression he makes of sincerity, trustworthiness and general sanity of mind and thought.

When I introduce our speaker today I am encouraged by Stonewall Jackson's aphorism that: "Providence is more inclined to side with the big brains than with the big battalions."

Maclean's magazine recently included The Hon. Paul Hellyer in a select group of Canadians who made outstanding contributions to our national life in 1964 as the politician having the highest batting average. 1965 may find him rated as our least accident-prone cabinet minister.

About two years ago I was a completely gratuitous, unsolicited and self-appointed adviser to the Minister. I hasten to explain to senior officers present that I tried to avoid any conflict with Queen's Regulations which frown upon serving officers communicating directly with higher authority. Whenever I felt impelled to convey my strong views and considered opinions to the Minister, I would call a Mess Dinner and invite him as a guest. Unfortunately he never found it possible to attend, but I was always considerate, in expressing our regrets at his absence after the occasion, to enclose a copy of my speech. I will say this for the Hon. Paul Hellyer that regardless of how forthright my advice, the extent to which it might be at variance with official policy, and its general impracticality – he always acknowledged receipt of my letter.

His White Paper in March of last year set out Canada's defence policy in a wise and rational manner which virtually abolished one active arm, the R.C.C.R.M.C. – The Royal Canadian Corps of Retired Military Critics. With courage and after careful preparation he gave the armed services a definition of direction and purpose they had conspicuously lacked. It is remarkable that with this revolutionary change he accomplished the improbable feat of pleasing everyone from *The Globe and Mail* to retired brass and the three services themselves. There may have been, briefly, some lack of enthusiasm in certain areas and there have been some raised shelalaghs but in one stroke he repealed Parkinson's Law at National Defence Headquarters and gave us a greater striking force for less money.

We are particularly proud of the fact that he is not our guest of honour today but, as a Director of our Club, our honoured speaker. It is my great privilege to present one, who, in reorganizing Canada's defence with vision coupled with respect for traditional values, has won the admiration and respect of foes and the permanent confidence of friends – our Minister of National Defence, The Honourable Paul Hellyer.

MR. HELLYER:

I am indeed honoured that The Empire Club should invite me to this distinguished platform again.

I should like to take advantage of the opportunity thus provided to follow a suggestion made by several members of The Empire Club that I repeat for the benefit of a wider audience, some of the basic arguments in favour of integration of our armed forces and also to give a brief summary of our progress to date in that direction. To put the question in context, some background information may be helpful.

When Mr. Cardin and I accepted responsibility for the Department of National Defence we sat down to consider what course we should follow. We soon came to the conclusion that there were three steps we should take. First, to bring the past up to the present. More specifically, I mean to arrange for the stockpiling of warheads for the weapons systems already acquired for our armed forces. Second, to review the major procurement programmes outstanding and, in particular, what effect those programmes might have on future defence policy. Third, to work out a long-range defence policy for Canada.

In order to obtain the warheads for our weapons systems it was necessary to sign an inter-governmental agreement between Canada and the U.S. to permit the stockpiling of warheads for use by Canadian forces in case of emergency. It was also necessary to sign technical agreements between forces relating to the storage, safety and other technical arrangements. Finally, it was necessary to complete the administrative arrangements, including the construction of special storage for the warheads and training of our forces.

As you know, three of the four weapons systems are now operational. The Bomarc missile squadrons – part of the continental anti-bomber defences – have been operational for a year. The CF-104 Starfighters in the nuclear strike role have been operational for some months. More recently, the Honest John surface-to-surface missile battery with our brigade in Germany passed its final test and the fourth system, the Genie air-to-air rocket for our air defence interceptors, will be available shortly. Canada then will be discharging, in full, those obligations undertaken for us in the name of Canada.

In our review of procurement policy, we considered all factors including technical, budgetary, and industrial but our main concern was the effect on future policy which would result from proceeding with existing plans. In some cases we decided to proceed. We placed an order for three "O" class submarines which are desperately needed for training and which also have some operational capability. The first of these will be commissioned this fall. We ordered a limited number of dual place Starfighters needed for safety in checking out our aircrews. These too have an operational capability.

On the other hand, we decided not to procure more single-seater CF-104's for the strike role because of the limitation this would place on future policy. We cancelled the general purpose frigate construction programme for the same reason, in addition to technical and budgetary considerations. The development of the Bobcat armoured personnel carrier was cancelled because, after ten years, we had not produced a perfected vehicle and because a successful carrier, the American M113 which was already in service in many parts of the world and for which there exists first-class world-wide logistic support, was available to us at least a year sooner and at about one-half the price per vehicle. As our brigade in Europe had for too long been exposed unprotected to possible mechanized attack, the decision taken was the only one which common sense could dictate. On the other hand, we decided to proceed with the development of an experimental hydrofoil vessel for the Navy since in this field our development is still ahead of others who are interested and the advantages of developing an ocean-going hydrofoil are sufficient to justify the risk involved.

Concurrently with the consideration of these first two action areas, we were laying the groundwork for number three. Studies were conducted in the Defence Department on a wide variety of subjects as background for the preparation of a long-range defence policy for Canada. The studies included a review of Canada's defence policy, a review of technological changes in the past decade, an assessment of the world strategic situation, an estimate of likely weapons development in the next decade, an educated guess as to likely changes in world politics and the balance of power, and other factors bearing on future policy and plans. By the fall of 1963 these were completed and the task of writing a policy began. The several government departments interested in defence were involved in the preparation of the White Paper and, in particular, the Department fo External Affairs was consulted throughout in order that the two arms of government, defence and external policy, would be working in complete harmony, as indeed they must.

One of the first and most important considerations in the development of policy was the strategic assessment. The world is a far different one than that of 1949 or even of 1957. The U.S.S.R. has developed a formidable nuclear strategic force, and this has had a profound effect on the balance of power. It was necessary to take a look at the possible spectrum of conflict based on these new and changed circumstances.

Following careful study we concluded that the most unlikely development at this time would be an all-out thermonuclear exchange. The second least likely, would be a major conventional war in Europe lasting for any extended period. At the other end of the spectrum, the most likely possibility of conflict will be a continuation of small wars, riots, insurrections, overthrow of the civil power, etc. These are likely to continue – perhaps on an increased scale.

The reasons for this assessment, which incidentally was unanimous in the department, are pretty obvious. Under existing circumstances an all-out thermonuclear exchange, even after a surprise first strike by either side, would inflict unbelievable damage on the two great power blocs. Casual-ties on each side would number in the tens of millions, and there is no known way that this result could be avoided. An exchange could take place as the result of miscalculation although I think the chance is remote. From a rational standpoint, there is no conceivable national purpose to be achieved by an all-out thermonuclear exchange and, consequently, the probability of it happening is low – provided, of course, a credible deterrent is maintained.

Almost equally unlikely is a major conventional war in Europe since a war on this scale would almost inevitably escalate into nuclear conflict, if for no other reason than it would soon threaten the nuclear capability of one or both sides.

At the other end of the scale, and far more likely, is a continuation of small wars, insurgency, riot, overthrow of civil government, and other minor conflicts of this sort. Not only have we been warned that there will be activity in these areas, but in some cases it could be a legitimate extension of an aggressive foreign policy from the standpoint that the potential gain might justify the risk taken and, therefore, we should expect continued and, perhaps, accelerated activity at this level.

Once having decided what we believe the possible spectrum of conflict to be, we began the task of designing a force structure flexible enough to contribute through the scale. This means forces equipped to contribute to the deterrent on the central front and also capable of being employed in peace-keeping activities, brush fire wars and related missions. The range of training and equipment required for these varied tasks is very great indeed. Requirements range from the heavy equipments needed on the central front for deterrence, to that of light air-portable equipments for peacekeeping, brush fire wars, etc. Training ranges from that required to cope with the possibility of nuclear war, to lightly armed peacekeeping. To meet these varied contingencies it is necessary to have forces that are flexible and mobile. Key words in our force structure then are "flexibility" and "mobility".

If we are to achieve our aim in having forces that are truly flexible and mobile, these forces must be provided with the right equipment and the right weapons. This has been one of the major problems to overcome. Over the past several years, while the defence budget has remained relatively stable, the day-to-day cost of operating our forces has risen to a marked degree. This, in turn, has meant that in each succeeding year there has been less money available for capital expenditures, including equipment. Last year we reached a low point of about 14% of the total budget available for equipment, while it is estimated that a minimum of something of the order of 20% to 25% should be allocated if we are to maintain a viable force with a proper balance between operations and maintenance costs on the one hand and equipment costs on the other.

This was clearly unsatisfactory. Had the trend continued for three or four years the proportion of our budget available for new equipment would have declined to zero. Obviously, something had to be done. There were two areas of possible saving – a substantial reduction in operational capability on the one hand or a reduction in overhead on the other hand. Between these two the choice was obvious. Our overhead establishment was quite large in relation to our operational units – and we came to the conclusion that substantial savings could be achieved in these areas without impairing our operational effectiveness.

The Glassco Commission in its study of the Department reported that there was a great deal of duplication and triplication and that through reorganization considerable savings could be made. One of its recommendations was that the Chairman, Chiefs of Staff Committee should be given additional responsibilities and authority. As you know, before integration the senior military advisers to the Minister were the Chairman, Chiefs of Staff Committee and the Chiefs of the three individual Services. In addition, the

Minister also received advice from the Deputy Minister and from the head of the Defence Research Board. The Chairman, Chiefs of Staff Committee was, as the name implies, a committee chairman. He had no veto power nor could he overrule the advice of any of the Service Chiefs.

Below the Chiefs of Staff Committee there were two or three hundred tri-service committees. Again, the chairmen of these committees had no over-all decision-making power.

My experience with the system convinced me that a military organization could not afford to operate in a manner which tended to keep decisions from being made and once made, from being implemented. I was thoroughly convinced that the recommendation of the Glassco Commission did not go far enough and that solely by transferring additional functions to the Chairman, Chiefs of Staff we would, in effect, not be simplifying the organization but, rather, setting up a fourth force. More important, we could not see that such a reorganization would in any way bring about the required savings in manpower at Headquarters both in Ottawa and in the field. After very careful thought we came to the conclusion that the only adequate answer was a straight-line organization with power to act.

Legislation abolishing the position of the Chairman, Chiefs of Staff, and the positions of the three Service Chiefs in favour of one Chief of Defence Staff was introduced in Parliament last year, was approved and came into effect on August 1, 1964. The new organization was immediately established with the Defence Staff being organized on a functional basis. Under the Chief of the Defence Staff, a Chief of Operational Readiness, Chief of Personnel, Chief of Logistics, Engineering and Development and a Comptroller General were appointed with each of these officers having the responsibility and authority to carry out his function for the three armed forces of Canada.

Since August of last year the process of reorganization has continued, with integration of the various service directorates proceeding as scheduled. We fully expect that by later this year Canadian Forces Headquarters will be completely integrated with a saving in service manpower at Headquarters in the order of 30%. Consideration is now being given to the integration of the various operational, logistic and training commands throughout the country and, while it is hard to forecast the time period necessary for the work to be completed, we expect that basic decisions can be taken shortly which will allow detailed planning to proceed. Once this has been done we will proceed with the complete integration of our training and logistics systems. This should yield considerable savings which can be diverted to the acquisition of new equipment. Our clear goal – as stated in the White Paper on Defence published last March – is a single unified fighting force for Canada.

It has been suggested that the idea of a single force is new and should be approached with extreme caution. Actually it is not a new idea. It is one which has been discussed and debated for at least a generation. The idea has won the support of some of the greatest military commanders this century has produced. These include Generals Eisenhower and MacArthur, Field Marshal Montgomery, Lord Mountbatten, and Air Chief Marshal Harris, to name some of the more illustrious. Each of these on the basis of his own command experience came to the conclusion that the old lines of demarcation were no longer valid. The grey areas are increasing and the trend to combined operations involving two or more of the traditional elements requires a unity of command and control to ensure maximum success.

These same considerations apply through many areas of service activity. There have been cases in this country where one service has been discharging trained personnel as redundant at the same time that another service has taken in raw recruits to train in the same trade. There have been cases where materiel has been declared surplus by one service at the same time another service has been requisitioning the purchase of the identical item. Clearly this is not a prudent use of resources. At least 20% of the materiel used by the three services is common. Separate cataloguing, inventory and distribution does not make sense.

In respect to manpower, the services have estimated that the basic training in 70% to 90% of the trades in the armed forces is common to two or more – pilots, navigators, air controllers, airframe mechanics, aero-engine mechanics, doctors, dentists, clerks, cooks, motor mechanics, etc. The list is as long as your arm, and when you have finished, you wonder what is left. What is left, of course, is the specialized operational units.

It should be clearly understood that some things are integratable and some are not. We will always have battalions of soldiers, squadrons of airplanes and squadrons of ships. But this does not mean that the vast support companies required to keep any military force in operation cannot operate as a unity. Our object is to use our men and materiel in the most efficient and effective manner. This should reduce the cost of materiel and increase the career opportunities and opportunity for service of the men. It is a question of where a man can serve best and make the greatest contribution.

Already some of the advantages of integration are becoming apparent. We have established a single information service with a reduction of 60% in personnel and an annual saving of close to $1 million.

The establishment of an integrated construction engineering branch has been agreed with a 45% reduction in manpower forecast with the same workload.

A new and common pay system will be introduced in three stages in successive years. Stage one is expected to save 121 positions, and by the end of stage 3, it is anticipated that just over 650 positions in all will become redundant.

There have been many reports and studies urging a common system of long-line communications. The separate services could never agree on implementation. The project is now going forward.

A preliminary look at our integrated intelligence section indicates a possible Headquarters saving of 18%. I think this estimate is conservative and that we can do better.

These are just a few dramatic examples of what is possible with integrated command. So far we have just scratched the surface. We have begun a common cataloguing system for our materiel using the NATO standard as an essential prelude to a common logistics system. Work in these and other areas is proceeding well and I have no doubt whatsoever about the ultimate success.

I should emphasize at this point that although substantial savings in manpower will be made as integration proceeds, there will, on the other hand, be a continued requirement for new men entering the force. In fact this requirement will be in the order of eight to nine thousand young and intelligent men each year and it should be stressed that the career opportunities available to them will, with the reorganization of the forces, be greater than they ever were before. Enterprising young men are needed today and will continue to be needed in the future and, while the challenges of service life are demanding for those who meet the grade, the personal satisfaction and personal benefits in terms of training and experience are most valuable and stimulating.

The new joint headquarters has facilitated the preparation of the first five-year integrated defence programme in Canadian history. For such a programme to be viable it was necessary to have some fairly firm idea of what the defence budget might be over the next several years.

Approval was obtained that, as a basis for planning, the defence budget would remain at approximately the present level in constant dollars. Without such approval it would have been quite impossible to prepare a realistic, long-range programme.

This is relevant not only in so far as our commitments are concerned but, more particularly, in relation to manpower requirements and equipment programmes to ensure that our forces are operationally ready. Although there has been some long-range planning carried out within the department, in so far as equipment was concerned, since approval of expenditures was given on an annual basis, programmes were submitted to meet the short-term requirement with minimum consideration to producing a well-balanced force with all the necessary equipment for the extended period of time. The primary concern was expenditures in one given year rather than the overall cost for the duration of an equipment programme. The results on several occasions were that, due to escalation in development and production costs, in subsequent years other branches of the Service were seriously deficient in new equipment through lack of necessary funds.

By being able to plan a long-range programme it is possible to ensure that not one branch of the Services would get the major proportion of funds available for equipment but, rather, that such funds can be distributed with the end result that all our forces are in a position to carry out operations with the maximum effectiveness.

Having received the go-ahead from the government which made long-range planning possible, we, within the department, proceeded to make detailed studies of exactly what would be required to have truly effective maritime, land and air forces.

As a result of these studies, a major five-year equipment programme was announced in December of last year. This programme will enable our armed forces to increase appreciably their ability to play their part in the NATO alliance, in the United Nations and other peacekeeping operations and in meeting requirements in Canada. They are particularly related to the policy and roles set forth in the White Paper on Defence. The total cost of the programme is approximately $1.5 billion and takes into consideration the foreseeable requirement for an integrated force.

Highlights of this programme will include four new helicopter-equipped destroyers and two operational support ships for our Maritime forces, new anti-submarine helicopters and a conversion programme of seven destroyer escorts involving the installation of improved detection devices and other equipment which will significantly improve their submarine protection capability. In addition, these destroyer escorts will also be equipped with a rocket-assisted homing torpedo delivery system, known as ASROC, which has a much greater range than the present anti-submarine weapons in these ships.

In so far as land forces are concerned, I have already referred to the fact that for a number of years our brigade in Europe, as part of the NATO forces, has suffered a serious deficiency with regard to mechanized equipment. Under this programme, therefore, additional armoured personnel carriers to those already on order will be obtained. The Army will also get improved communication equipment, anti-tank weapons, long-range infantry mortars and 155-mm Howitzers.

Our air transport capability will be supplemented by the addition of four C130E Hercules aircraft. These, together with C130's already ordered, will provide a fleet of twenty-four aircraft of the long-range air truck variety. Of particular interest to this area is the decision to obtain fifteen Buffalo aircraft from the De Havilland Aircraft of Canada Limited here in Toronto. It is also intended to obtain a tactical close ground support aircraft and I anticipate an announcement in this regard shortly.

These, as I said, are the highlights of the programme. The significant factor is that we can look forward to balanced forces furnished with equipment to enable them to carry out their assigned tasks with despatch and with efficiency whatever and wherever such tasks may be in the years ahead. I want to emphasize, however, that in planning for this equipment programme we have proceeded on the assumption that, through integration, financial savings can be made on operations and maintenance to make available sufficient funds for the programme without relying on the expectation of any significant increase in the defence budget.

Progress has been made on integration, progress has been made on producing a long-range defence programme but this has not been done at the expense of our operational commitments. In fact, two decisions have been taken recently, albeit forecast in the White Paper, which increase our effective contribution both to NATO and to the United Nations.

The first of these relates to the earmarking of a Canadian Army battalion to NATO's mobile reserve which operates directly under the Supreme Allied Commander Europe. This is a new Canadian commitment to NATO. The Battalion nominated is the 1st Battalion of the Black Watch (Royal Highland Regiment) of Canada now stationed at Camp Gagetown, New Brunswick, and while this battalion group will be located in Canada, it will be available for airlift to Europe as part of the land component of the NATO Mobile Force. This Force is designed to help protect NATO's northern and southern flanks.

The second decision concerns the composition and organization of a new Special Service Force of the Canadian Army. The Headquarters and most of the units will be formed from the 2nd Canadian Infantry Brigade Group which has its Headquarters at Camp Petawawa, Petawawa, Ontario. It will be specially trained and equipped for service anywhere in the world and will be airportable with the capability of airdropping a portion of its equipment. Strength will be about 4,000, including support elements. Each unit of the force is being reorganized to fit the concept of instant readiness and airportability.

I do not want to leave the impression that our work is finished. On the contrary, it has just begun, but I think we can all take some satisfaction in the progress made to date. What we are doing is being watched with keen interest by many other countries and I have no doubt that if we are successful, and I am sure we will be, the example we are setting will be followed by others. We have, I know, the overwhelming support of the Canadian people and we have the support of the men and women of the armed forces. We are going to be successful and in doing so our country will be the pacesetter in military organization specifically designed to meet the technological advances of our age.

Thanks

Thanks of this meeting were expressed by Lt. Col. B. J. Legge, a Past President of The Empire Club.

FEBRUARY 25, 1965

Should Gold be Scrapped?

AN ADDRESS BY Dr. Harry G. Johnson, M.A., PH.D.
PROFESSOR OF ECONOMICS
UNIVERSITY OF CHICAGO

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

Our guest of honour and speaker today was born in Toronto, received his M.A. in Economics from the University of Toronto and degrees from the Universities of Cambridge, Harvard and Manchester. He has written four books and over 100 other publications; has been editor of the *Journal of Political Economy* since 1960; member of several government commissions here and in the United States; greatly in demand at conferences and as a speaker, and despite all this activity has achieved great eminence as a teacher.

Dr. Harry Johnson, unlike many students of economics, has not only pursued his studies but has effectively overtaken them. Currently Professor of Economics at the University of Chicago, next year he will assume what is probably the highest academic post ever offered to a Canadian in the United Kingdom, the Chair of Economic Theory at the London School of Economics. He is provocative, controversial and topical and not the sort of economist who confines his discussions to problems we wouldn't have if there were no economists.

Not long after the war I was privileged to spend several hours with Sumner Slichter, then Economic Adviser to President Truman. With the familiarity that comes from having grandfathers buried in the same Ontario cemetery and with the brashness of comparative youth I held forth on some opinions about free trade that were diametrically opposed to those of Mr. Slichter. I was politely but firmly extirpated and from that day to this I have kept my own modest counsel in the presence of economists. Today, however, I am constrained, in introducing our guest of honour, to comment upon his latest book "The Canadian Quandary". As Dr. Johnson says, much of it is "carefully complex" and some of it is "deliberately simple". What I found so fascinating about it was the extent to which I didn't understand the former and disagreed with the latter. As this excellent volume was published as long ago as 1963 it is rather dated as a compendium. We now have a whole new set of quandaries and have even acquired a few fresh dilemmas. Perhaps a sequel is in order possibly entitled "Son of Quandary".

I have had the feeling when reading Dr. Harry Johnson that we as Canadians somehow disappoint him, but it may be as an earlier Dr. Johnson – Samuel – said, "I never think I have hit hard unless it rebounds."

We welcome Dr. Johnson because it is a good thing to be reminded that there is no magic in monetary policy – or any other policy or power of government – that can ensure prosperity for everyone in perpetuity. I tell my boys to save their money because some day it may be valuable again.

Up until recent weeks any idea of returning to the gold standard was generally dismissed as irrelevant nostalgia. Now we find it the centre of world monetary discussion. I don't know how Dr. Johnson feels about the gold standard; I don't know how I feel about the gold standard; in fact the only person whose feelings on the subject are clearly indicated to me are those of General deGaulle. How timely and fortunate it is that we should have with us today one who is renowned internationally as a leading economic analyst and critic to speak to us on the subject "Should Gold Be Scrapped?" – Dr. Harry G. Johnson.

DR. JOHNSON:

When Mr. Hilborn and I selected the problems of the international monetary system as the subject for my address to you today, we had no intimation that the subject would be of such immediate topical concern as it has since become. The problem of gold and its international monetary role has been very much in the news recently. On the other side of the Atlantic, President de Gaulle has raised the issue with his attack on the special status of the pound and the dollar in the present international monetary system, and his invitation to other countries to join France in a return to the gold standard. Of more immediate significance, his Finance Minister, M. Guiscard d'Estaing, has announced a new policy of taking settlement of French balance-of-payments surpluses only in gold. On this side of the Atlantic, the U.S. Administration had earlier moved to increase its supply of "free" gold by eliminating the 25% cover requirement against Federal Reserve Deposits. More recently, disclosure of the drastic and unexpected deterioration of the U.S. balance of payments in the fourth quarter of 1964 has prompted President Johnson to propose a series of new measures, aimed primarily at cutting the volume of U.S. private foreign investment, in order to reduce the U.S. balance-of-payments deficit and the associated threat of losses of gold from U.S. reserves. At the same time, the President's balance-of-payments message to Congress went further than any previous official statement in endorsing the view that the present international monetary system needs to be revised, and specifically in advocating the development of supplementary sources of reserves to relieve the strains which now result from the use of the dollar and sterling as substitutes for gold.

These recent official pronouncements and policy changes, however, have merely brought more nearly into the open a conflict that has been building up over several years, ever since it became evident to international economic experts – with the single important exception of the former Under Secretary of the U.S. Treasury – that the U.S. balance-of-payments deficit was not a transitory phenomenon, but a chronic and deep-seated malaise that would take many years for the natural processes of international economic adjustment to remedy. That conflict centres on the fact that the present international monetary system, in which the dollar plays a key role as an alternative international reserve asset to gold, has enabled the United States to finance its sustained deficit by relying on the willingness of foreigners to hold dollars, and increasingly on the recognition by foreign monetary authorities that they must hold dollars if they are not to precipitate a collapse of the system; at the same time, the fact that foreign monetary authorities could precipitate a collapse of the system has enabled them to exercise pressure on the U.S. Administration to pursue policies designed to mitigate the deficit and accelerate its solution.

Essentially, the conflict derives from the system of fixed exchange rates itself, which requires that a deficit-surplus situation be remedied by some combination of deflation in the deficit country (the U.S.) and inflation in the surplus countries (Western Europe). It has arisen because the United States has taken the position that its contribution to the adjustment should not require it to sacrifice domestic employment, but should properly require it only to prevent its domestic price level from rising while relying on inflation in Europe to restore adequate U.S. competitiveness in world markets; the Europeans, on the other hand, who have already endured a substantial inflation without its resulting in a noticeable trend of improvement in the U.S. balance of payments, and who for historical as well as other reasons intensely dislike inflation, understandably feel that too much of the burden of adjustment is being thrust on their shoulders, and that the United States should do much more than it has done. In effect, the adjustment processes required under a fixed exchange rate system are being blocked by refusal of each side to tolerate the policies appropriate for it to follow under the logic of the system; and this conflict is exasperated by the failure of each side to regard as serious the political reasons that inhibit the other from following the policies appropriate to its position.

The conflict has been further sharpened in the past two years or so by the fact that the continuation of the U.S. deficit has been associated with a substantial increase in private capital outflows from the U.S. to Europe. I say "associated with", though many observers, especially in Europe, assume "caused by" the private capital outflow, because the items in the balance of payments are economically interrelated and not simply additive, so that one cannot assume that an increase in the deficit can be attributed to a contemporaneous increase in one category of payments; and I am myself inclined anyway to relate the increased capital outflow to the continued overvaluation of the dollar relative to the European currencies, together with the attractive effects of the Common Market tariff. Be that as it may, the Europeans feel that by financing the U.S. deficit they are indirectly financing U.S. private investment in Europe, which they resent; and they cannot understand the reluctance of the U.S. authorities either to raise interest rates (which the U.S. authorities fear would create unemployment) or to impose controls on international capital movements (which the U.S. has been forced to move towards doing, though it goes against deep-rooted principles of free enterprise).

Under these circumstances, adjustment of the balance-of-payments disequilibrium between the United States and the European economies is bound to be a prolonged, as well as a politically acrimonious, process, since it depends on countries failing in the course of time to attain their policy objectives. This fact has a major implication for the present international monetary system, which few have appreciated.

With long lags in adjustment of this kind, the international borrowing and lending required to finance the disequilibria entails international official capital movements larger in quantity and longer in duration than can be accommodated by reserve movements between central banks of the traditional type. Consequently, the present system really requires supplementation by provision for large long-term international loans, of the type provided under the Marshall Plan to meet the dollar shortage problem; instead, the monetary authorities of the leading countries have attempted to meet the situation by elaborating the technique of short-term international credits, a technique well adapted to overcoming speculative short-term capital movements but inadequate to deal with chronic balance-of-payments disequilibria.

What is really the same point can be made in a different way, more relevant to the current controversy over the international monetary system. If prolonged disequilibria are to be prevented, it is necessary to devise a monetary system that will force either the deficit countries, or the surplus countries, or both to adopt policies that will promote prompt adjustment, despite their other policy objectives. The Europeans believe that the present system, in which the pound and the dollar serve as reserve currencies, enables the U.K. and the U.S. to evade the necessity of prompt adjustment; and they desire revisions of the international monetary system that will reduce or remove the possibility of evasion. General de Gaulle's recent attack on sterling and the dollar is to be interpreted as an expression of this view – and it is erroneous to believe that his ideas are an eccentricity unrepresentative of European thinking – while his invitation to return to the gold standard involves an extreme of monetary reform that would, if it could be effected, establish a system of imposing ineluctable pressures for prompt adjustment on deficit and surplus countries alike. Nor can this proposal be dismissed, as U.S. officials have dismissed it, as a return to "the gold standard that broke down in 1931"; for the truth is that the standard that broke down in 1931 was not a gold standard of the classical type, but a gold exchange standard precisely like the present international monetary standard, and it broke down precisely because a few national currencies were being used on a large scale as substitutes for gold that did not exist. A return to the gold standard, if it could be effected, would eliminate this grave deficiency in the present international monetary system, since all reserves would be hard metal and not credit money whose use in place of gold depended on confidence. Nor it is really a valid argument against a return to the gold standard that, to make it possible without a sharp deflation of world prices, the price of gold would have to be doubled or tripled, and that this would involve undesirable capital gains to holders and producers of gold. It is simply silly to oppose a change that would promote the general good, on the grounds that some people will derive a windfall profit from it.

The real arguments against attempting to return to the gold standard derive from the very characteristic of gold that gives the gold standard its virtue in the eyes of its proponents – the fact that gold is a commodity the production of which entails a real cost. This fact has two crucial implications. First, there will always be an incentive for the financial system to develop credit substitutes for gold, because on the one hand gold yields no interest to the holder whereas credit substitutes do, and on the other hand credit substitutes can be produced (though not maintained as efficient substitutes) at virtually zero real cost. In fact, the history of money is essentially a history of the gradual substitution of credit money for commodity money in response to the interaction of scarcity of the latter and ingenuity in devising the former. The economics involved ensure that a return to the gold standard would be a practical impossibility. Second, tying the international monetary system to a produced commodity – especially a mineral – as the basic money inevitably entails exposing the system to erratic changes in the stock of money resulting from the vagaries of technical change and new discoveries in the industry producing the monetary commodity; inevitably, rationality will suggest – as historically it already has – that these erratic changes can and should be avoided by deliberate monetary management, and that the costs of production incurred in gold mining can be escaped by resorting to credit money. A return to the gold standard would therefore involve a deliberate surrender of the chance to exercise rationality in monetary affairs, in favour of control by erratic and unpredictable forces; such a surrender by organized society of a realized possibility of conscious control is simply inconceivable.

It therefore seems self-evident that the gold standard cannot be restored; fundamental forces of both economics – the principle of cost minimization through substitution – and of social psychology – the desire to control and improve the environment – are against it. But the present gold exchange standard contains inherent and dangerous weaknesses, which it has increasingly been admitted call for reform of the system. These weaknesses are all connected with the fact that in the present system gold is the ultimate or basic form of international reserve, but is not the only form of international reserve money, being supplemented by the holding of national moneys – primarily the dollar and the pound – as international reserves. Since, as I have just argued, reform cannot move in the direction of increasing the role of gold so as to replace this mixed system by an approximation to the gold standard, it must move in the direction of decreasing and altering the role of gold so as to minimize the dangers that its presence imposes on the system. The logical end of that process is the eventual scrapping of gold as an international money, and replacement of it by some international monetary system based entirely on credit.

International monetary experts who have studied the contemporary international monetary system are agreed – and the agreement is recorded in the report of the Group of 32 academic economists (of whom I was one and Professor

Rueff, General de Gaulle's economic advisor, another) who met several times at Bellagio and Princeton last year to discuss the matter – that the system poses three serious problems. One is the long-run liquidity problem: the present system leaves the growth of international reserves required to sustain the growth of world trade and payments to depend on the vagaries of new gold production, private hoarding and Russian dishoarding of gold, and the balance-of-payments experience of the reserve currency countries. Further, if new gold supplies are inadequate, the required reserves must be supplied by continuous deficits of the reserve currency countries, which undermines their reserve positions and the confidence in their currencies on which the use of these currencies as substitutes for gold depends. Another is the confidence problem: loss of confidence in one reserve currency leads to conversions of it into other currencies, which disturbs international monetary relationships, and this disturbance may prompt central banks to convert currencies into gold, which conversions could produce an international liquidity crisis (as happened in 1931). The third is the adjustment problem: the lack of a clearcut mechanism of adjustment, which is associated with the ability of reserve currency countries to finance deficits by running up currency debts to others, and of other countries to neutralize reserve changes. All three problems are associated with the use of national currencies as substitutes for gold, which currencies can be converted into gold at the option and whim of the central bank holding them.

It is evident from the definitions of the first two problems that solution of the long-run liquidity problem requires governing the growth of whatever credit money is used as a substitute for gold so as to obtain an increase in the total of this money plus gold equal to the required growth of international reserves, and that solution of the confidence problem requires restricting the convertibility of currencies into one another and into gold by central banks. One possible solution to both problems, towards which the central bankers have been pushed unwillingly by the prolonged dollar deficit, would be to agree to suspend conversions of dollars into gold and to trust the U.S. authorities to provide an appropriate growth of reserves by their balance of payments policies – in other words, for the world to go on a dollar standard. This solution, however, is obviously politically unacceptable to the other countries – and, given recent U.S. balance-of-payments history, not commendable as a solution to the long-run liquidity problem. A solution sufficiently satisfactory to be generally acceptable must obviously replace the dominance of the dollar by some more international form of credit money arrangement, and one subject to more international control.

Two major alternatives have been put forward: the Triffin Plan, which calls for centralization of reserves in an expanded International Monetary Fund, with countries holding their reserves in gold and Fund deposits, the latter in some fixed ratio to the former, the Fund holding national currency assets to back its deposit liabilities, and the Fund also increasing international reserves over time by open market operations; and the Bernstein Plan, or currency reserve unit plan, which calls for the construction of bundles of the leading national currencies with fixed ratios between the amounts of the various currencies in the bundle (the currency reserve unit), countries being obliged to hold these bundles within a certain range of ratios to their holdings of gold, and the total number of currency reserve units outstanding and the required ratios of units to gold being raised by international agreement over time. The Triffin Plan, in short, would substitute a genuinely international credit money for national currencies in international reserves, and subject the quantity outstanding to control by an international institution; the Bernstein plan would substitute a composite bundle of national currencies for the pound and the dollar, and have the quantity outstanding controlled by agreement among the major currency countries.

Both schemes would reduce and stabilize the role of gold in the international monetary system; equally, both would reduce – and the Triffin Plan would virtually eliminate – the reserve currency role of the dollar and the pound. The major difference between them, aside from the more radical nature of the Triffin Plan, lies in the nature of control of the quantity of international reserve money supplied, and this difference derives its main significance from the conflict concerning the adjustment mechanism I have already discussed. For in the International Monetary Fund the Europeans have minority voting power and the United States great influence, whereas in a currency reserve unit scheme the Europeans would have a majority vote if not a veto power. This power they would obviously prefer to have, given their views on the inflationary character of the present system, so that the currency reserve unit scheme is almost inevitably the one that will emerge from current deliberations on the reform of the system. Moreover, for this reason, the currency reserve unit scheme is likely to constitute more of a return to something like the discipline of the traditional gold standard than would the Triffin Plan – though the mechanism of adjustments would be vastly different, since indications are that it would include the use of a variety of controls on international trade and capital movements.

In any case, it is clear that the next stage in the evolution of the international monetary system must involve a whittling down of the international monetary role of gold (as well as of the U.S. dollar). The real division between the Americans and the Europeans is no longer over that issue – the American position on it changed abruptly in mid-1963 – but over the distribution of the responsibility for adjustment of international disequilibria. The logical end of the process of whittling down the role of gold is, as I have already stated, the scrapping of gold as an international monetary metal, and the establishment of a completely credit international money. This would most likely entail the elevation of the International Monetary Fund into an independent world central bank. And given the political jealousies between Europe and the United States and European suspicion of the I.M.F. as a creature of the United States that event appears to be a long way off.

There is, however, some possibility that the demotion of gold from its monetary role could occur much more rapidly, and by a completely different sequence of events. The international monetary strains of the dollar surplus epoch, as already mentioned, have been the consequence of the attempt to maintain a system of fixed exchange rates without either the deficit or the surplus countries being willing to pursue the required adjustment policies to the necessary extent. In the course of the period, the United States Administration has become greatly disillusioned with the countries of the Common Market, and especially with France. It is possible that, if pushed too far by the ingratitude and chicanery of countries it assisted generously in the postwar reconstruction period, the patience of the U.S. Administration will snap, and the country will simply terminate the convertibility of dollars into gold (or of gold into dollars). In that event, gold would not be scrapped – judging by the 1930's experience of floating exchange rates, the demand for it could conceivably increase but it would become at best a commodity especially suitable for the conducting of intervention operations in foreign exchange markets.

Thanks

Thanks of this meeting were expressed by Dr. Ian Macdonald, a Director of the Empire Club.

MARCH 4, 1965

Research in the United Kingdom

AN ADDRESS BY Lord Rothschild, G.M., SC.D., F.R.S.
CHAIRMAN OF SHELL RESEARCH

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

Our guest of honour and speaker today is the worthy descendant of a family of upright men, devoted to duty, using their talents and their means for the benefit of their fellow human beings.

Baron Nathaniel Rothschild, 3rd Lord Rothschild is the first of his title to forsake finance altogether. His career is one of such accomplishment and variety, one hardly knows where to begin. Louis Pasteur said: ‘In the fields of observation, chance favours only the prepared mind.” Lord Rothschild was educated at Harvard and Trinity Cambridge where he was a Fellow from 1935 to 1939, and an Honorary Fellow since 1961. His degrees include doctorates in Philosophy and Science.

During World War II he was one of Britain's most successful and audacious bomb removal experts. The award of the George Medal is eloquent testimony to his bravery and skill. I am told that he was also a “Boffin.” For those of you who know Boffin only as “Noddy” or the “Golden Dustman” from Dickens' “Our Mutual Friend” let me hasten to explain that in Britain during the war a “Boffin” was, and I quote, “A bird bursting with weird and sometimes inopportune ideas, but possessed of staggering inventiveness, analytical powers, and persistence. Its ideas, like its eggs, were conical and unbreakable. When you pushed the unwanted ones away they just rolled back." Sir Robert Watson-Watt has stated that the bill of the boffin had two separate functions. One was to probe into other person's business and the other was to puncture the more highly coloured and ornate eggs of the "Lesser Back Room Birds" which were quite inappropriate to the military scene. Seriously, the boffin was a particular type of scientist who could understand the viewpoint of the services, who worked with them, and who frequently shared their dangers. For his part, Lord Rothschild, in addition to the George Medal, was mentioned in despatches and awarded both the American Legion of Merit and the Bronze Star.

A Labour peer, a jazz pianist of professional standard, he is one of Britain's most eminent scientists. He served as Chairman of the Agricultural Research Council for 10 years, was a director of B.O.A.C. for two years and a member of the B.B.C. Advisory Council for four.

From his publications which include "Fertilization," "A Classification of Living Animals" etc., one realizes that as a biologist he has gathered pioneer insights into what Morton in his book on "The Rothschilds" refers to as "the sex life of bedbugs, the love technique of the spider and procreation among leeches," but that he is above all an eminent biochemist and a Fellow of the Royal Society.

Jacques Barzun, Provost of Columbia and a staunch defender of "The House of Intellect" speaks of research being—"at once compulsory and honorific. Compulsory because research finds out what man's bewildered eye or crusty experience cannot discern by inspection, and honorific because it requires someone to break the lock step of routine, stand off, look, and ask questions."

We have such a someone with us today, and it is my high honour to present and our great privilege to receive the Chairman of Shell Research, The Honourable Lord Rothschild, who will address us on "Research in the United Kingdom."

LORD ROTHSCHILD:

Most people associate the name Rothschild with banking, in spite of the London Telephone Directory containing Rothschilds who are Dental Surgeons, Physicians, Accountants, Umbrella Makers, Clothiers, and one who just calls himself Trade. In my branch of the banking family my father went each day to the City of London, but he somehow found time to be a scientist as well – quite impossible today – with the result that my sisters and I grew up in an atmosphere of undiluted natural history. My earliest recollection, when I was about four years old, was being sent out into the garden by my father to try and catch a very rare butterfly, a gynandromorph orange tip, that is one which is half male and half female and which, therefore, only has the orange tip on one wing. I remember being punished, a few years later, for going into the long grass without my rubbers on, to catch another rare butterfly. The punishment was terribly severe; I had to give the butterfly to my elder sister. She gave it back to me, beautifully mounted, as a twenty-first birthday present.

My parents were severe, though politically Liberal and, looking back, I do not remember much of what one might expect in a Rothschild house from reading the accounts of my family which have recently been published. I remember having spinach for tea because I would not eat it at lunch; but I also remember that my sister and I were coached by a cricket professional, who told us, rather wistfully, that when he bowled to the great Rangitsinghi in the nets at Cambridge, a gold watch was placed on each of the three stumps, though he never got one, for obvious reasons.

Having been brought up with butterflies, birds, bees and insects, it was inevitable that I should have a scientific bent, in spite of being forced to do classics until the age of sixteen; and it came as rather a shock, at the age of twenty-one, to learn that my parents, while realizing that I was a scientist, were most anxious for me at least to try the life of a banker in the City of London. This I did, but the moment was unfortunate. In 1930 there was a world recession and the City seemed moribund and boring; so after six or so months, I returned to Cambridge University to be a science don and, until about six years ago, I lived there in a relaxed and, perhaps, somewhat unworldly atmosphere.

During that time, however, I spent ten years as Chairman of the British Agricultural Research Council, a small Government Department concerned, as its name implies, with the administration of agricultural research in the United Kingdom. I knew nothing about agriculture and still don't; but it is not the function of a research administrator to be a specialist in the subjects for whose administration he is responsible.

After ten years, I realized I thought I knew all the answers in agricultural research; and, of course, when one gets into that frame of mind, one must go at once, which I did. But then, when returning whole-time to my laboratory and experimental work, I began to feel uneasy. Would I be able just to carry on with experiments, lecturing and the supervision of students? At this time, by a coincidence, a Managing Director of the Royal Dutch/Shell Group of Companies made a suggestion to me. Would I like to visit some of Shell's Laboratories in various parts of the world and let him know my reactions to them? Why not, I thought? And from that day my life underwent a slow but immutable revolution. I visited some of the Laboratories and commented on them. Might I, the Managing Director then asked, like to take a part-time interest in some of them? Again I said yes, to counteract my fears about being exclusively a "pure" scientist at Cambridge. From being a don at a University, I gradually became a Shell employee, working about 60 hours per week and wishing there was more time in the day and night.

In comparing three different sorts of scientific activity in the United Kingdom – in a top University, in civil Government research, and research in big Industry, one is struck by a number of differences which are more evident in the United Kingdom than in the United States of America, Holland or Germany – I cannot speak for Canada, having little knowledge of conditions here. The differences which have struck me most are as follows.

First, the decision-making machinery in industry is far quicker and more positive than at Cambridge University or in Government. There is no automatic reaction to set up a committee to study and report on a proposal requiring a decision. Such consultations as are necessary are assumed to have been made before a proposal is put forward.

Secondly, there is a sense of urgency, if not tension, which is absent in Cambridge University and in Government research though I must qualify this statement by saying that Government research is not as leisurely as University research and may develop a greater sense of urgency in England from now onwards. Recently, I was a member of a rather important Committee at Cambridge University, to determine the future organization of a particular scientific discipline. Members of the Committee were reminded that their recommendations were not so much concerned with the next five years as with the next fifty or even hundred years. To me, this created a feeling of leisurely unreality which was in painful, but in some ways pleasurable, contrast with my day to day life in Shell. I don't believe I am wrong in feeling that however pleasant this leisurely ambiance may be – with College life, combination rooms, and the port still going round after dinner (or a glass of claret if you prefer it) – this way of life is over and that the sooner our Universities realize it, the better they will be able to cope with the many intractable problems we have today in England.

Thirdly, I have been surprised at the lack of contact between research in industry and in Universities. There is a sharp difference between England, and Holland, Germany and America in this respect. Industrial research is rather looked down on in England, at any rate by the old Universities, and several of my former University and Government colleagues made me feel quite uncomfortable by their attitude when they knew I had become involved in industrial research, in spite of collaboration which has existed in some areas for many years. Somehow I was made to feel it was a second-class activity, in spite of such people as Edison, Irving Langmuir or the English mathematician who used the pseudonym "Student." We have several extremely good scientists in Shell in England and, a year or so ago, I made overtures to some Universities about possible collaboration. There would be nothing surprising about this in America – in fact, I.B.M. and Syracuse University give joint courses and award joint Masters Degrees. My overtures were unsuccessful – politely rejected. The cross-fertilization of University and industrial research is essential in the modern world and beneficial to both parties. I am not even sure that any ivory tower seats of learning are still desirable.

There are few Universities in the United Kingdom which know much about big industrial research. When I mention at Cambridge that no less than 20% of the $70 million Shell spends a year on research and development is concerned with basic research, I notice incredulity on all sides. If I go on and say that Shell employs topologists, who used to be thought of as purveyors of an abstruse branch of pure mathematics, a weary look comes over my listeners' faces as if they were being strung along by a Münchhausen or by someone who has partaken too liberally of University hospitality.

Far too much is made of the difference between basic and applied research. There is, of course, a difference: basic research is directed towards the acquisition of new knowledge; applied research has, as its name suggests, an applied objective, which may be medical, agricultural, industrial, or military. But the two types of science interchange so frequently in time as to make the distinction of secondary importance; it is important to realize this, if only to obviate the idea that an applied research worker is a second-class citizen in comparison with his pure colleagues.

One is, naturally, fortunate to work in Shell because of the enormous range of subjects on which research and development are carried out. The main problem for the research administrator is to avoid being over-stimulated by one particular subject and I am sure I have failed in this respect. I am, for example, more interested in generating electricity by fuel cells and in using bacteria as engineers to produce protein from petroleum than in new sewing machine oils or in the transport of solids along pipelines, though the latter is exciting, both from a practical and a mathematical point of view.

The unknown and the tantalizing stimulate me most. Will fuel cells be used in the next ten years on a large scale for the generation of electricity? Will insecticides completely specific to particular insect pests be developed? Will you go on using a motor mower on your lawn or will you spray it with a harmless growth regulant twice a year? Finding the answers to these questions does not imply the expenditure of vast sums of money; it requires the creation of environments in which good scientists, of whom there are not too many, can work happily and successfully. Huge teams with gold-plated equipment will not provide answers any more than the monkeys on the typewriters produce a sonnet by Shakespeare.

We retire early in Shell; and I have begun to wonder what I should do when that time comes. I have an idea, which might be called a scientific one, and which I believe, with the assistance of some of my colleagues, may be both compatible with my age and appropriate to a life of leisure. Many of you will have seen experts on wine swirling their glasses, sniffing and pronouncing that it is not sufficiently chambré, it is round, perhaps even square, too sharp, light, passé, and so on. What do these expressions mean in the language of science? One of my Shell colleagues, Dr. Popják, has developed, under my influence, a method, using the technique of gas liquid chromatography, of translating these remarks into scientific language, that is to say recording them on a piece of paper something like the chart the nurse keeps of one's temperature. My French cousins are in the fortunate position of owning two famous vineyards in France, Château Lafite and Château Mouton Rothschild. It occurred to me that when I retire, I could occupy my time both usefully and to my own advantage by retreating to my cousins' Châteaus with my gas liquid chromatography apparatus. I shall have to do a great deal of claret-tasting myself, but no doubt there will be an hour or so left each day to translate my palatable information into the language of science, whether it be pure, applied, or neither, just the outcome of an ex-scientist's curiosity.

Thanks

Thanks of this meeting were expressed by Mr. Donald H. Jupp, a Past President of the Empire Club.

MARCH 11, 1965

The Commonwealth: White Man's Burden or Blind Man's Bluff?

AN ADDRESS BY Mr. John W. Holmes, M.A.
PRESIDENT
CANADIAN INSTITUTE OF
INTERNATIONAL AFFAIRS

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

As our guest of honour and speaker today will be addressing us on the Commonwealth in its present day context, I should like, with Mr. Holmes permission, to introduce not only his person but, for one minute, his subject.

Churchill credits Lord Roseberry, during the apogee of Empire in Victoria's reign, with christening the growing family of nations and races linked by the Crown as The Commonwealth. This and the fact that he won the Derby twice during his sixteen months as Prime Minister are about the only memorable items of good fortune that befell him.

This was a century after the seeds of the Commonwealth and the dissolution of the Empire had been planted here in Canada by the very people who are called United Empire Loyalists. I say this as one springing from one group of these Loyalists, the father of two sons who, when born, were the eighth generation of Hilborns in the same township in

Ontario. I am sure that all descendants are proud of those whose nationalism after the American Revolution forced the production of a new Empire out of which sprang the Commonwealth. I may be entitled to append U.E.L. to my name. I do not regard it as an anachronism. For me as a descendant of Pennsylvania Dutch Quakers the designation P.D.Q. is more correct, though possibly misleading.

There are those within our own ranks who consider our Empire Club name anachronistic. I feel that it is a designation that for all time will indicate respect for tradition and will reflect strong loyalties. If, at some specific point in time, it is not the current designation given to the union perpetuating these qualities, it will be an honoured and respected synonym as long as some such union exists.

Now, having taken advantage of presidential prerogative to get that off my chest, I hasten to introduce our guest of honour, John W. Holmes, M.A.

It is our Canadian good fortune to have one experienced in public service on Canada's behalf around the world, eloquent and self-sacrificing, who is prepared to devote his great energies and abundant talents to directing the Canadian Institute of International Affairs.

A student of history, after two years as National Secretary of the Institute, John Holmes joined the Department of External Affairs in 1943. In the foreign service he served successively as First Secretary in London, Chargé d'Affaires in Moscow and Canadian Representative to the United Nations. Following two years on the Directing Staff of the National Defence College in Kingston he became Assistant Under Secretary of State for External Affairs supervising the Far Eastern, United Nations and Commonwealth Division. He left the public service in 1960 to become President of the Canadian Institute of International Affairs. This title has been altered to that of Director General. He is a prolific writer on Canadian foreign policy and other international subjects in authoritative journals and papers on this continent, the U.K. and Europe.

He is to speak to us on "The Commonwealth – White Man's Burden or Blind Man's Bluff?" and I can think of no more appropriate way of presenting John Wendell Holmes than in the words of Oliver Wendell Holmes – "It is the province of knowledge to speak and it is the privilege of wisdom to listen." Mr. Holmes.

MR. HOLMES:

I am deeply conscious of the privilege of speaking before this association on this subject. Like the Empire itself, you have a distinguished past to be proud of. You have also shown characteristic adaptability in the attention you consistently pay to the vital issues of today and tomorrow. I feel, therefore, that you would want me to speak with candour about the contemporary realities of the commonwealth as I see them.

Let me assure you at the beginning that, whatever I might say, I remain a true believer in the virtue of the Commonwealth. Indeed, there are those who may accuse me of wishful thinking for finding so much vitality in what Mr. Dean Acheson recently referred to as a body "which has no political structure, or unity, or strength." Well, Mr. Acheson, it is well to recall, is the man who largely invented United States policy towards China. I accept, however, the charge of wishful thinking because the Commonwealth is what one chooses to see in it. It will have a constructive future if we wish it so. I do not consider that either its survival or its decline and fall are predetermined. The elements are there for us to make what we will of it. So I choose to look at them wishfully.

Proof that there must, after all, have been some miraculous quality in the British Empire is to be found in the fact that its heir, the Commonwealth of Nations, is alive and kicking in 1965 – although the kicking is sometimes more apparent than the life. At the beginning of last year I was asked to express views on the future of the Commonwealth for *The Times* of London. I was strongly in favour of survival but I was apprehensive that it might not last out the year. I thought it might blow up or expire of apathy. Evidence of apathy was the humiliating fact that I received only one indignant letter. A year later I am a little more confident, but more convinced than ever that the prospects depend on our collective will for survival and on our ability to look hard at present realities. We have to clear away old concepts and prejudices and see the Commonwealth as a thoroughly modern institution. It is an institution which respects its tradition because it is only because of shared traditions that it has any meaning at all. But it also has shown a genius for adapting itself to serve the purposes not of 1896 or 1940 but of 1965. (It could, of course, adapt itself right out of existence). Its purpose in 1965 is the most important and difficult in the world today, the maintenance of trust among the major races of the world.

During the past year I visited a good deal of the Commonwealth, including such troubled areas as Malaysia and British Guiana where people were quite desperately and immediately concerned as to what a modern Commonwealth meant for them. In Australia and New Zealand as in Canada, I found the mood to be sceptical, and in Britain sceptical or hostile. However, when I said in a broadcast from Sydney one day that I feared an explosion, the next day my words appeared in a Lagos paper under a headline: "Holmes says Commonwealth to Blow Up." I can only believe that the Editor had confused me with the Baker Street branch of the family to warrant this easy familiarity with my name, but it was reassuring evidence that the network existed and some one in Nigeria cared. Last December, I was one of a team of Observers from six Commonwealth countries asked by the British Colonial Secretary to observe the elections in British Guiana. It was an interesting and, I think, intelligent use of the Commonwealth, and I was heartened to find how Indians and Ghanaians, Maltese and Canadians could find a common understanding on the electoral process. The principal cause for optimism in 1964, however, was the spirit to compromise at the Prime Ministers' meeting last summer and the evident anxiety to avoid disruption over the passionate questions of Central Africa.

We are faced with some harsh realities. We are faced also with a problem of image-making. We still have to live down the image left by those for whom the Empire was the privileged domain of Wasps, a bulwark against democracy and Yankees, wogs and frogs and black chaps who didn't know their place. This caricature too long obscured the nobler side of the British tradition and soured on the whole idea those who didn't qualify or didn't want to qualify for such a heavenly kingdom. It has provided an easy target for those who find advantage in denigrating the Commonwealth, whether they be ardent Europeanists in Britain or unweaned nationalists in Canada. The Commonwealth, as I see it, is not anachronistic in 1965. If it fails, it will not be because it is reactionary but because it is a fraternity too progressive for the state of the world.

That the Commonwealth of Nations as it exists today is a different phenomenon from the British Empire of the past, or even the British Commonwealth of recent years, is a reality which ought not to need emphasizing. It ought not to be regarded as primarily a matter of antique ceremony reserved for those of Anglo-Saxon or Celtic ancestry. The traditions of the Palaces of Westminster and Buckingham are woven deep into the fabric of the Commonwealth. It seems to me unnecessary to deny in Canada the strength of institutions which contribute stability and romance to our national life and those of others. They do not, however, appeal in the same way to the hundreds of millions of citizens of the contemporary Commonwealth, which is multiracial and multilingual, monarchical and republican. It is important for us at this time to recognize that the question of whether Canada should remain a monarchy is distinct from the question of whether or not we should remain a part of the Commonwealth. (I trust that this effort to define the issues will not be misinterpreted as evidence of anti-monarchical sentiment.) Essentially the Commonwealth must be looked upon now in the 1960's as an informal and largely deinstitutionalized association among countries of various races and continents. As a result of a common historical experience and in spite of wide differences of political practice and international orientation, they do have vital things in common. They share certain constitutional and legal attitudes, governmental and business practices, and habits of working together. It is neither an empire nor a power bloc. It is not a diplomatic or military or economic unit – although it is not devoid of diplomatic, military and economic significance.

Because the usual political terminology is inept, the nature of the Commonwealth has been encrusted with clichés – all too many of which are nauseatingly mystical. Its essence, as I see it, is that it is in the nature of a family. This, however, is a stale metaphor, and the comparison with a family went out of fashion because it was used by those who overemphasized blood. Since the Commonwealth has come to glory in its multi-racial quality, it has been considered bad form to call it a family. Yet there are multi-racial families. The essential thing about a family is that it has a common origin, and the Commonwealth is a historical phenomenon, having significance only because its members grew out of a common institution. It is not a club as it is sometimes called; it is not in any sense a federation. It is not a thing you join; it is a thing you stay in – or out of which you get. The family figure may suggest a unity closer than in fact exists. This is so if we have a kiddies-round-the-hearth image of the family presided over by a mother figure looking like Queen Victoria. What I have in mind is the modern grown-up family each member of which normally spends most of his time in other circles but in whose life the family remains a unique if not predominant association.

The Commonwealth ought no longer to be looked upon primarily as an economic organization – if indeed that ever was its principal justification. However, we must not be too parochially Canadian. The commercial and financial advantages of membership have been of less importance to Canada than to other members, and we may have been guilty of underestimating the economic factor and stressing the political. The reaction to Britain's flirtation with the European Common Market indicated that Commonwealth commercial advantage may have meant more to us than we thought. It revealed also the dependence of other parts of the Commonwealth on the British market and on British finance. One reason Asian and African members remain within the Commonwealth is the expectation of more favourable economic terms, and aid not only from Britain but from Canada and Australia as well. If they are disappointed, they may be more easily tempted to resign the first time they are irritated.

Nevertheless, as an economic entity the Commonwealth is of declining significance. What still exists in the way of preferences or the sterling area need not be abandoned on principle nor surrendered without compensation. Preference might be regarded as vestigial, arrangements to be incorporated into broader international systems of commerce and currency if these can be achieved. We should accept as progress the fact that many of the economic and political functions of the Commonwealth have merged into broader international organizations. The Colombo Plan, a Commonwealth initiative, was extended to include foreign peoples moving in the same direction. The Commonwealth is of growing importance as a framework for technical, especially educational, assistance programmes. These are personal in application and the element of familiarity in a historic association is important. If the Commonwealth survives it may be because of thousands of teachers, scholars and administrators working or studying in each others countries: Australians and New Zealanders in Malaysia, the Canadian military training missions in Ghana and Tanzania, CUSO volunteers in Sarawak and Zambia. These strengthen the fabric of an association in which peoples get along better than governments. None of this activity, however, can be exclusive, because other countries, and especially the United States, play an important role in all those economic questions with which the Commonwealth is concerned.

I have said that the Commonwealth is not an economic unit. That it is neither a power bloc nor a diplomatic unit is also obvious enough. It is not a military unit either although its importance for defence, at least regionally, has been highlighted by the crisis over Malaysia. The idea that it should face the world as a unit with a single foreign policy persisted in some quarters until the end of the Second World War, but it was never a practical possibility. The new Commonwealth of many races would not have come into being if India, Ghana, or Malaya, on achieving independence, had felt unable to exercise their independence in foreign policy. Not even for the older members was a tight framework a possible alternative in an era when regional attractions were becoming stronger. So, making a virtue of necessity in accordance with its genius, the Commonwealth proceeded to glorify its diversity. It found its justification not in unity of policy but in a common search for understanding, for the sharing of viewpoints, constant consultation. I once heard a Nigerian describe its essence as "the quality of listening to each other with forbearance". Those critics who say that the Commonwealth is meaningless because its members often differ publicly should realize that it ought not to be judged by a criterion of unanimity which it does not postulate.

This search for understanding remains the primary justification of the Commonwealth, and it is essential to continue asserting the virtue of such a way of international life. Nevertheless, it is unwise to ignore the hollow sound these assertions sometimes have. Our practice falls short of our pretensions. The denunciation of India's actions in Goa, of Uganda's attitude on the Congo or of Britain's actions in Central Africa may or may not be justifiable, but they are too often shrill, unctuous, and quite unresponsive to the victim's explanations. The Commonwealth never has been and never conceivably will be a happy band of concord, but there must always exist enough good will, candour and recognition of common interests to justify the institution. We must keep the quota of hypocrisy to an acceptable level.

The Commonwealth is confronted with grave issues, and the British, on the horns of appalling dilemmas over Rhodesia, Basutoland, Sarawak, or British Guiana, are a bit resentful of advice from other parts of the Commonwealth. Much of this advice is so gratuitous that resentment is inevitable. Nevertheless, there are paradoxes in this final stage of colonialism which must be resolved, and if this multi-racial fraternal society has any reason for existence it is to help resolve them. The responsibility for initiative and special concern does not rest only on those most deeply involved or passionately concerned; it rests also on those elder members who boast of the magnanimity of spirit and purity of conscience with which a history unsullied by imperialism has endowed us. Both Mr. Diefenbaker and Mr. Pearson served the Commonwealth well, I believe, by forestalling divisions along racial lines over South Africa and Rhodesia. Their healing diplomacy is the reason Canada occupies a crucial position. The decision whether the Commonwealth will survive is as much up to us as to any member.

One of the new realities of the Commonwealth is that the will to preserve it has to be encouraged not only at the periphery but also at the heart. The trials of Suez, the dilemma of immigration, ingratitude and abuse in the United Nations have stimulated doubts in Britain about the value of empire. The responsibility for sustaining former colonies looms larger than the diminishing commercial advantage. The illusion of the Commonwealth as a power bloc to maintain their position as a first-class power in world diplomacy has been revealed as misguided, although Britons are too little conscious of the prestige they have in world diplomacy because of their way of transforming an empire. Those Canadians who can never get rid of the idea that the Commonwealth is a plot of the English gentry to enslave poor gullible Canadians ought to read what they are saying in

London about the way the Commonwealth is exploiting poor gullible Britain. It would be a good thing if both groups could drown each other in their own crocodile tears.

Another reality we cannot blink is what is happening to the free constitutional principles we claim to be the heritage that binds the Commonwealth together. Here it is hardest to be objective. In the older established countries there has been a soul-searching effort to be fair about governmental trends in Pakistan, Ghana, or Zanzibar. It is true that all too many people delight, like outraged spinsters, at the proofs Kwame Khrumah present for their satisfaction that it was a mistake ever to let Africans out of the hands of their white-faced governesses. Nevertheless, we are conscious of the sins we have all committed in our time in the name of effective government, of the mixed history of colonial rule, of our racial intolerance. Most of us recognize that we must not expect conformity to all the traditions of Westminster in countries where unity is frail, illiteracy high, and the economy baffling. We cling to the belief that, in spite of the restrictions on legitimate opposition and even interference with the courts, the spirit of free Commonwealth principles is still in some measure preserved. Free principles of government may, however, have a harder time from anti-colonialists than they had from colonialists. It is hard to say how far we can go in tolerating in membership governments which deny the few but fundamental principles which have distinguished the Commonwealth system. On the other hand, we have to ask ourselves whether expulsion from a freedom-loving community would help them through the terrible testing-time that faces governments in all new states.

The main problem of the Commonwealth is apathy. It no longer inspires strong hostility in Chicago or Moscow or Dublin. It is accepted, taken for granted but not taken very seriously. For many people, unaware of its transformation, it is unfashionable. Regional solutions – the European Community, Pan Africanism, the Western Hemisphere, the Atlantic Community – are more in style, although the fact that the world gets smaller and regions less meaningful should make an intercontinental organization more rather than less significant. For the Africans there is a stronger emotional attachment to Africanism than to the Commonwealth. For many Britons Europe is more attractive and for many Canadians the continental pull is stronger. The Asian members are Asians first. The Australians and New Zealanders are trying to adjust themselves to their Pacific community. If we regard these regional affiliations as irreconcilable with the interests of the Commonwealth, the cause of the Commonwealth is lost. This would resemble the mistake too many of our forefathers made in assuming that Canada's destiny had to be either British or American, thereby setting up a schizophrenia in the Canadian mind which has clouded our perspective ever since.

The Commonwealth cannot force people into an unnatural framework, set Malaysia apart from Asia, Trinidad from South America, or Canada from the United States. It can recognize, however, that nations need not and should not be total in their orientations, that they may, with profit, vary their cultural and political – and their commercial – affiliations. It profits no one that the peoples of the world should be isolated in regions. To draw them together is, of course a function of the U.N., and it may be argued that the U.N. makes the Commonwealth unnecessary. But the ties which hold races and continents in contact are tenuous enough; all bonds which reinforce them are worthy of maintenance. The Commonwealth, we know from experience, is a force for good, working within the United Nations. It is counter-regional; its role is not to rival regional blocs but to serve as a link between them.

The Commonwealth cannot coast. Its very existence creates demands which must be continuously fulfilled – for consultation, understanding, moral support and economic assistance. It might of course cease upon the midnight with no pain, having fulfilled its historic role as a framework during the perilous transition from an imperially controlled world to a world of independent states. It is more likely to expire in anguish, strangled in its own rhetoric. If it does, then much of its historic mission will have been destroyed. We need not be dismayed or diverted by thinking that we must construct a framework to last a thousand years. Like all political institutions it will eventually be supplanted. All we need to know is that it has a useful function to perform for the time being because the world is still disorderly.

The Commonwealth Prime Ministers' meeting in July of last year was reassuring. The leaders of the new nations showed a statesmanlike concern to avoid confrontation and seek constructive agreement. They went beyond merely avoiding disruption to propose a common Secretariat to assist the exchange of information. It should not be assumed, however, that this represents a reversal of the old decision against the Commonwealth as a centralized unity. What is sought now is a practical measure to make consultation more effective.

What about Canada in the Commonwealth? It was we Canadians who worked out in our own interests the peculiar constitutional principle which later caught on in the whole Empire and transformed it. The new Commonwealth after the Second World War was built on the formula of association which we Canadians advocated in opposition to ideas of imperial federation or a united front which found more favour in Britain and Australia. And in the post-war years, when we were finding our feet in international diplomacy as a middle power whose greatest asset was its capacity to make friends, no member profited as much as Canada from this world-wide association. The purpose of these nationalist assertions is not to deny the wisdom and dedication of the British, who had to play the central role in transforming an Empire and do most of the dirty work. It is rather to remind us that this is one of the great political ideas of modern times, and it is one of two great political ideas of which we Canadians can boast. The other is not dissimilar; it is the experiment of maintaining a single state in the bosom of which two major European cultures co-exist and flourish. Lord Acton said that "the combination of different nations in one state is as necessary a condition of civilized life as the combination of men in society". It is not only for the benefit of Canada but for the progress of the whole world that neither of these ideas should be allowed to fail.

French-Canadians complain of our preoccupation with an English-speaking Commonwealth. They are anxious that we fulfil our bicultural mission by extending our concern to the countries of Africa and Asia where French is spoken. To this I think those who cherish the Commonwealth should say: Why not? We are not still fighting the Battle of Crécy. The French commonwealth has had a different history from that of the British, and yet its mission, generously conceived, is similar. If these two beneficent international organisms should intersect in Canada, why not? The vision is grandiose, but we need a touch of grandiosity in Canada to lift us from the meanness of spirit, the failure of conviction which beset us.

For those who doubt that the Commonwealth has meaning for this country at this critical state of its history, may I, in conclusion, quote the words of the Prime Minister of Quebec one notable Saturday last October. Mr. Lesage said, ". . . the Commonwealth remains, for the whole world, an inspiring example of how nations can get along together despite differences in outlook and of how they can pursue common objectives, albeit by differing ways and means. And . . . the Commonwealth, in the relations that exist between its various members affords to Canadians a striking illustration of collaboration based, not upon uniformity, but upon a community of purpose born of mutual respect and understanding."

Thanks

Thanks of this meeting were expressed by Mr. Peter W. Hunter, a Director of The Empire Club.

MARCH 18, 1965

Red China—Five Years of Dramatic Events

AN ADDRESS BY Mr. James S. Duncan, C.M.G., LL.D.

JOINT MEETING THE CANADIAN CLUB OF TORONTO AND THE EMPIRE CLUB OF CANADA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

It has been my great privilege, as President of The Empire Club, to have presented twenty speakers since the beginning of this Club year, all of them eminent and many of them well known to you. I would like to take some credit for the fact that, not once, have I resorted to the hackneyed phrase that proclaims the familiarity of the audience with the speaker to be such that the several minutes of data that invariably follow are quite unnecessary. Today I come closer to succumbing to this cliché of requiring no introduction than on any previous occasion.

James S. Duncan, a one time member of both The Empire and Canadian Clubs and a past President of The Board of Trade is known to every man in this room as friend, speaker or writer, and to most as all three. There may be a few here who have come to this city recently from some cloistered corner where his pipe and carnation have not been seen nor his accomplishments fully reported. It will be my privilege to tell you something of this man, but I rise chiefly to say, “Welcome back, Sir, from your outpost of Empire. We have missed you and your wise counsel.”

Like Socrates, James Duncan is a citizen, not of Athens or Greece, but of the world. Born in Paris, France, he joined Massey-Harris in Berlin as a young man and came to Canada two years later in 1911. In World War I, he served in the United Kingdom forces with distinction. During the last World War as Acting Deputy Minister of Defence for Air in 1940 he directed Canada’s great contribution to the allied war effort, the British Commonwealth Air Training Plan. He also served as Chairman of a committee of UNRRA and as a member of the National Research Council.

His roles with Massey-Harris following the wars until his resignation as Chairman and President in 1956 involved him over the globe. From 1956 to 1961 he was Chairman of the Hydro Electric Power Commission of Ontario. Despite his heavy business responsibilities he further dedicated himself to public service in heading our Board of Trade, our Community Chest, the Canadian Council of the International Chambers of Commerce and various national conferences and missions. Rulers, governments and colleges here and abroad have honoured him.

He is an authoritative Sinologist who in the words of Dr. Samuel Johnson “brings home knowledge because he carries knowledge with him”. We are anxious to have him draw aside the bamboo curtain but not for the reason given to John Cameron Swayze after speaking at a ladies’ luncheon on China. Following his pre-prandial address, when Swayze queried their choice of subject, the Chairman replied, “We wanted the talk to be appropriate. We are now going to serve a chow mein luncheon.”

In recent years many words that never crossed his mind have been attributed to the Chinese sage whose ethical and moral convictions have shaped the Chinese character for 2,500 years. But one thing that Confucius did say serves admirably to present our guest of honour: "In order to learn to be one's true self, it is necessary to obtain a wide and extensive knowledge of what has been said and done in the world; critically to inquire into it; carefully to ponder over it; clearly to sift it; and earnestly to proclaim it."

It is my high honour to present such a man who will address us on "Red China – Five Years of Dramatic Events" – Mr. James S. Duncan, C.M.G., LL.D.

MR. DUNCAN:

I am indeed indebted to you Mr. Hilborn, for your kindly and generous introduction. I am not only appreciative of the privilege of addressing the distinguished membership of Canadian, Empire and Board of Trade Clubs, but of the pleasure of meeting once again so many old friends whose company I so greatly enjoyed in the days when I lived and worked in Canada.

I must confess, Mr. President, to a feeling of some frustration as I approach the task of saying something meaningful in so short a time concerning a country, the population of which exceeds that of all our western world, a people so interesting, in many respects so admirable, so friendly and so hospitable – and yet a nation and a Government which, in my estimation, constitutes the gravest danger which the western world is facing today!

It was but fifteen years ago that China, emerging from Japanese invasion and torn by internal strife, cast no disquieting shadow over our western world.

Today, the People's Republic of China, whose population is increasing every twelve years by numbers equal to the total population of the United States, stands before us as a formidable reality. Strong in her numbers, her Communist faith, and the enforced unity and conformity of her indoctrinated people, conscious of her growing leadership in Asia, and fanatically dedicated to the promotion of world revolution. That the People's Republic of China will have a profound influence on the kind of world in which we, our children, and our children's children will be living in is an inescapable fact.

Five and a half years had elapsed since my last visit to China in 1959. They were years pregnant with momentous events. They were years in which progress had been made in certain aspects of China's economy, but these have been overwhelmingly offset by a succession of economic calamities which would have shaken most Governments to their very foundations.

The "Great Leap Forward", an ill-planned and over ambitious drive towards great power status reached its peak in 1959. The theory behind it was that through "correct thinking" and heightened ideological fervour, the masses could be prodded on to greater effort, enthusiasm and sacrifice and that achievements heretofore considered unattainable could be realized. As Mao Tse-tung put it, "Every kind of miracle can be performed under communism." But it wasn't a miracle which took place, but a catastrophic breakdown in China's economy. It was a bitter lesson for the Government. Their planning had proved to be wrong, their doctrines faulty.

Coincidental with this man-made situation, the country experienced three bad crops in succession, 1959, '60, and '61, and in the midst of their mounting difficulties, China's fraternal partner, the Soviet Union, walked out on them. By 1960, China was experiencing a full-blown depression of staggering proportions, a phenomenon which, according to Lenin and Mao Tse-tung is exclusively reserved for the decadent capitalist world.

Steel production, estimated at 18 million tons in 1959, dropped to under 8 million and heavy industry generally followed the same pattern. Grain production dropped by almost two-thirds of the 1959 estimate, live stock herds were depleted. The situation in the communes was becoming chaotic. Food shortages became alarming, malnutrition showed up over vast areas, wheat had to be imported from capitalist countries, cotton was rationed to three feet per person per annum. Exports declined drastically; all building programmes were stopped, and hundreds of thousands of agricultural workers drafted into industry and construction were willy-nilly returned to the communes. The people's morale was at a low ebb, and their belief in the infallibility of their Government's planning was seriously shaken. Mao Tse-tung and his colleagues were at first slow to meet this calamitous situation, but when they decided to act, they did so with energy and determination and salvage measures, many of which involved the repudiation of their most cherished communistic doctrines, were courageously put into force. Aided by a series of good crops in 1962, 1963 and '64, and by the sound measures taken, including the reorganization of the communes and the return to the peasants of their coveted private plots, an improvement in the economic situation got under way in 1963 and has been gathering momentum ever since.

The most noteworthy factor concerning the tragic breakdown in China's economy is that the Government emerged from it practically unscathed. At no time did they lose control, and the fact that the Government was able to bring order out of chaos, stabilize the situation in 1962, and initiate a slow but orderly recovery in industry, and a rapid advance in agriculture has gone a long way to re-establish their prestige and leadership both at home and abroad. Their quarrel with the Soviets, ably played up, has proven to be popular with the masses who turn easily to xenophobia, and took great pride in the Government's show of independence, her refusal to be intimidated, and her courageous policy of self-reliance.

It is impossible to assess with any degree of accuracy the actual progress made since my previous visit, because ever since the second five-year plan was discarded in 1961, no statistics have been published. My impression is, however, that industry as a whole is operating at about 20% below 1959 levels, the much greater drop in heavy industry being offset by priority activities, including defence and light industries serving agriculture. Three years of good crops, greater use of fertilizer, the extention of irrigation, relaxation in the communes, and the return of the private plots to the peasants, a capitalist measure which adds 8 to 10% to the total food production, are all factors which have resulted in China's food supply being more abundant than during my last visit.

If China's industry has not yet regained its 1959 volume, its base has been considerably broadened, largely as a result of the Soviet Union's embargo in 1960 on critical material, machine tools and equipment which stimulated the energetic and resourceful Chinese people to develop the skills and produce the variety of materials, alloys and other items previously imported.

China today is strong in her spirit of self reliance. She is equipping her army of between 2 to 3 million men, and is producing MIG fighters, jet engines, atomic reactors, steam and hydraulic turbo-generators, artificial fertilizer, and synthetic fibre factories, only to name a few of her manufacturing activities. She claims to be self sufficient in oil and materials essential to aircraft production. Her scientific development in metallurgy, radar, computers is noteworthy, and her knowledge and understanding of nuclear science has progressed far beyond earlier appraisals. Her first nuclear detonation which took place twelve days after my departure, caused a surprise to no one, excepting the masses of the Chinese people who are always kept in ignorance of such matters.

Perhaps China's greatest asset in the scientific and industrial development of her country is the remarkable degree of intelligence, resourcefulness and serious-minded application of her young students, their sense of mission to catch up with and surpass the achievements of other countries, and their willingness to accept the sacrifices which such dedication entails. Many signs of modernization are noticeable in the larger cities and in the communes located in their immediate vicinity. Here, the people are better dressed, healthier looking, more relaxed than during my previous visit.

But China, as a whole, is a country of great backwardness and poverty. In those stark, rugged mountains and eroded lands which constitute the largest area in China, life is still unbelievably harsh. The people appear to be healthy, but their clothing, patched beyond recognition of the original material, shows every sign of acute poverty. Every foot of available land, every little pocket-handkerchief of soil, is planted with some sort of a crop. Here on a narrow band of ground bordering a gully, or a strip of land but a few feet in width on the top of an embankment, or on the flank of a mountain, vegetables, rice and other crops are seen to be growing under the vigilant care of peasants, enured to hardship and skilful in raising a crop under conditions which in any other country would be looked upon as hopeless. Everywhere, excepting in the show places where invited guests abound, men and women, old and young, are to be seen dragging or pushing heavy vehicles, sweating under incredible loads balanced on their shoulder poles, and performing all the tasks which in any other country which I have ever visited are allotted to beasts of burden.

Without any mechanical aid of any kind, railroads are built, tunnels excavated, canals and water catchments are dug, escarpments of rivers raised to lessen the danger of flood, stone masonry is placed up the flanks of mountains to prevent erosion and landslide, and the never ending labour of terracing continues unabated everywhere. Never before have I seen a people whose frugality, resourcefulness, energy, capacity for hard work and physical endurance equals that of the Chinese. In natural resources, in her agriculture, China is indeed a poor country, but in the quality and stamina of her people, she is rich beyond compare.

Time does not permit me to deal at any length with the all important subject of the Sino-Soviet relations, further than to say that their differences are based on so many deep-rooted causes that, although both parties are making strenuous efforts to plaster over the cracks in the edifice, it is difficult to see how, in the long run, their differences can be composed. Among the many causes of dissension perhaps the most important is China's stern and uncompromising condemnation of the evolution which has been taking place in the Soviet Union ever since Stalin's death, and which Mao Tse-tung calls modern revisionism. This, in his judgment, will gradually lead the Soviets back to a form of modified capitalism, and constitutes a major danger to Chinese and world communism. No policy is more vigorously enforced in China today than that dealing with the prevention of the spread of the Soviet's modern revisionism, and no aspect of life in the Soviet Union is more shrilly attacked. I am of the opinion, therefore, present reconciliatory speeches notwithstanding, that so long as China feels as strongly as she does on the subject of modern revisionism, it would be just as difficult to envisage a Chinese-Soviet rapprochement as it would be to assume that in this 47th year of the Soviet revolution her people would accept a return to the rigidities of the Stalin era.

The immense task of governing a country of over 700 million people and the success with which it has been pulled together and made to work inclines one to approach the criticism of their leaders with a certain degree of humility. Here is a country where law and order prevail – one which, if not united, is at least pursuing a common policy, one which within the limitations of an outdated and inefficient communistic system is progressing nevertheless and making noteworthy efforts to improve the painfully low living standards of her people, a country whose citizens are proud, honest, intelligent, self reliant and hard working. One which is making no call on foreign aid, causing no drain on western resources and is courageously tackling her staggering problems with her own meagre and self generated resources. But the tragedy of China, from which she and all of us are suffering and will continue to suffer is that her leaders with the ardent faith of the primitive Christians and the fervour of the evangelists, are dedicated first and foremost, not to the improvement of the living conditions in China – this takes second place only – but to the promotion of world revolution.

Lenin's teachings that the land of socialism is but a base for the promotion of proletariat revolution throughout the world is looked upon by the Chinese leaders with a dedication reminiscent of that with which the early Christians accepted the teachings and commandments of Jesus Christ. It would be unfair to say, as many do, that Mao Tse-tung is not a patriot and a nationalist. To my mind he is both. But above all, he is a Marxist, and a fanatical disciple of Lenin; a prophet whose duty as he conceives it is to show the underdeveloped and dependent countries the way towards "liberation", and to champion the oppressed working classes of Europe, Australia and North America.

The Chinese Government leaders, many of whom suffer from a lamentable lack of knowledge and understanding of what goes on in the world beyond the frontiers of Asia, give the impression of being completely oblivious of the fact that the dependent countries are rapidly becoming independent, that assistance to the underdeveloped countries is basic to the policies of all important western countries, and that the working classes of Europe, Australia, and North America, which in the minds of the Chinese includes the entire farming population, would howl with laughter if they heard themselves described as "oppressed". If this state of voluntary ignorance of world affairs, this hatred against North America, this misrepresentation of conditions in the non communist world was confined to the Government, it would be bad enough, but the prejudiced and inaccurate concept of life beyond their frontiers is being drilled into the minds of the masses of the people with all the skill of indoctrination and propaganda for which these expert psychologists and leaders in the science of influencing of mass thinking are justly famous.

In closing, just a word concerning recognition.

Everything that I have seen during my two visits to China has gone to confirm the opinion which I have always held that the nonrecognition of the People's Republic of China in 1949 bv the U.S.A. was an error of the greatest magnitude. There were many sound reasons which explain, but do not condone, this error – but this is past history. The pragmatic question is, where do we go from here? That recognition will some day become inevitable is clear to all of us, but it would be a great oversimplification to assume that because nonrecognition was wrong in 1949, recognition now is the obvious answer.

The basic question is when, and at what cost.

Events have not been standing still in Asia during the past 15 years, and no appreciation of the problem involved nor America's painful dilemma can be intelligently assessed without some knowledge of developments which have taken place in Asia, and particularly in Taiwan in the intervening period. Although I believe myself to be reasonably well-informed on such matters, I was positively astounded at the progress which has been made and the degree of modernization which has taken place in Taiwan. Taiwan represents today the most successful example of American financial aid and counsel combined with an autocratic but able and honest Government strongly wed to a system of free enterprise, and supported by intelligent, resourceful and hard-working people. Admittedly, Taiwan received important American financial aid from 1952 to 1963, but today she is economically self-supporting, and private capital, confident in the U.S.A.'s respect for an obligation freely entered into is pouring into Taiwan, from Hong Kong, South East Asia, Japan, Europe, and the United States for investment in various enterprises. Taiwan is a show window today which gives hope to the Asiatic and African nations who are seeking a way to a better life for their people and do not wish to follow the restrictive and stultifying path of communism.

We can all agree that it is apparently unrealistic of the United States to withhold recognition of China and her 700 million people. But what many of us fail to realize is that the United States recognition of China would be rejected with contempt if it didn't carry with it the nonrecognition and abandonment of Taiwan. Here, then, is America's dilemma, and, my friends, is it not better to be unrealistic than dishonourable? Would any of us suggest that the U.S.A. should go back on her treaty with Taiwan? That she should abandon her 12 million anti-communist people and their rich and successful economy to be communized by China after the withdrawal of the 7th Fleet? And let us suppose that the U.S.A. would do such a dishonourable thing, what then would her image be throughout the world, and what would be the repercussion not only in Asia, but in Western Germany, England, France, or Italy, whose whole post-war policy has been built upon the confidence in America's respect for undertakings freely entered into.

Some have suggested that an offer by the United States to recognize China, but to continue to ensure the independence of Taiwan should be considered. Such an offer would undoubtedly be rejected both by Peking and Taipei, but it would at least have the merit of placing the onus of nonrecognition on China and lifting it from the shoulders of the U.S.A. This suggestion has substance, but it also has its dangers. It would seriously upset the Taiwanese Government, whose only point of agreement with Peking is apparently their joint unwillingess to consider a two-China policy, and would give rise to unrest throughout South East Asia and Japan, and the present would appear to be a singularly inappropriate moment to try this out. Furthermore, recognition on this basis would neither change China's attitude towards the U.S.A., nor her unalterable dedication to the promotion of world revolution and the ultimate destruction of the capitalist system.

My conclusions, therefore, unsatisfactory as I recognize them to be, are that the statu quo ante is still the best solution for the present. The United States should, however, continue to explore every avenue leading to a better relation in all minor areas, and continuously investigate the possibilities, remote as they are of getting closer together in trade, cultural matters, exchange of news agencies and unclassified scientific information. Time is a great healer, and although I am not optimistic in this case, China may gradually be brought to realize that even if the U.S.A. was responsible for the initial error of nonrecognition, problems have arisen in the meantime which require the sympathetic understanding of both parties.

As regards our own attitude towards China, I feel it was regrettable that we did not recognize the People's Republic as England did, and the U.S.A. should have done, in 1949 when a successful revolution gave the communists a clean-cut mandate to govern. Recognition has never signified approval. But, since this was not done, I am strongly against adding to the U.S.A.'s difficulties by doing so now. It is just possible that we might derive some small advantage from a commercial point of view if we recognized China, but it would be a very minor one. Fundamentally, China will buy from us the things which she requires, and no more. We should undoubtedly foster and continue to develop the friendly relations which we have enjoyed with China over the years, but I am radically opposed to adopting at this late stage a policy which would greatly embarrass the United States at a time when she is so hard pressed. Our recognition of China would prove to be of great and disproportionate political advantage to China, because of our closeness to the United States both geographically and economically. It would undoubtedly affect the attitude of other countries who are wavering between recognition and nonrecognition. This I would consider to be unfortunate, but less so by far than the obvious damaging effect which such a change of policy on our part would have upon the United States. The timing would be bad. Recognition would bring us no apparent advantage, but it would add to the grave difficulties of our neighbour to the south, who, if she has not always been right in her policies, has always been our friend, our staunch ally, and the strong and courageous exponent of those basic causes which we both believe in and are prepared to defend.

Thanks

Thanks of this meeting were expressed by Mr. Geo. E. Gathercole, Vice-President of The Canadian Club.

MARCH 22, 1965

The United States and Canada—Common Aims and Common Responsibilities

AN ADDRESS BY The Honourable George H. Ball
UNDER SECRETARY OF STATE OF
THE UNITED STATES

JOINT MEETING THE CANADIAN CLUB OF TORONTO AND
THE EMPIRE CLUB OF CANADA

CHAIRMAN The Hon. Donald M. Fleming
President of The Canadian Club

MR. FLEMING:

When Winston Churchill addressed the United States Congress three weeks after Pearl Harbour he expressed a prophetic sentiment in these memorable words:

"I avow my hope and faith, sure and inviolate, that in the days to come the British and American peoples will for their own safety and for the good of all walk together side by side in majesty, in justice, and in peace."

Even before those glowing words brought Senators and Congressmen to their feet cheering, Canada and the United States, accepting the decree of history, of geography, and of high destiny, had learned to march together in friendship, in trust, and in comradeship.

Neighbours are not immune from mutual difficulties. Good neighbours, however, know how to resolve their mutual difficulties and problems. They can discuss them with utmost frankness. Canada and the United States are, and must ever be, the best neighbours in all the world. It is given to them by the grace of God to set an example before the whole world, to demonstrate how nations may nurture and practice the true spirit of neighbourliness.

The mantle of world leadership which today rests firmly on the shoulders of the American nation has imposed upon its government responsibilities without parallel in human history. We are prone to think of those responsibilities only in their collective sense. We do not always think of them as we should in terms of the individual responsibilities borne by men in high offices in the Government of the United States. Theirs is a personal responsibility of incalculable weight – a responsibility to all humanity. It is our privilege today to welcome a man who bears one of the principal responsibilities in the Administration of our sister nation.

Born in DesMoines, Iowa, 55 years ago, The Honourable George H. Ball graduated from Northwestern University, in Arts in 1930, and in Law in 1933. In the early days of the New Deal he moved to Washington and served, first, the Farm Credit Administration, and later, the Treasury Department in a legal capacity. After a period in private practice in Chicago in partnership with Mr. Adlai Stevenson he returned to Washington and to government service in 1942, this time in the Lend-Lease programme and the Foreign Economic administration. In 1946 he left the public service to found a law firm with offices in New York, Washington, Paris and Brussels, and for the next fifteen years specialized in international law and commercial relations. Among his clients were the French Government and the European Common Market. Even in those days he was a frequent visitor to the capitals of Western Europe.

When the late lamented President Kennedy took office in January, 1961, Mr. Ball was recalled from private practice and appointed to the high and exacting post of Undersecretary of State for Economic Affairs, a role for which his experience had admirably equipped him. Before the year 1961 had passed he had added Political Affairs to his responsibilities in the post of Undersecretary of State.

The role of Undersecretary of State in the United States Administration is very different from the one bearing the same title in Canada. In our system the Undersecretary of State is the senior permanent official or Deputy Minister of his Department. In the United States the Undersecretary of State is a policy-maker. He is a member of the Administration. Indeed, in the development and direction of United States external policy, whether political or economic, Mr. Ball ranks only after the President and Mr. Rusk. He talks daily to the President. He is one of the closest advisers of the Chief Executive of the United States.

His responsibilities are enormous, alike in their weight and their diversity. He has become the principal troubleshooter of the United States Administration. "Let George do it!" has become almost a national policy. Whenever crises threaten in Europe Mr. Ball is almost certain to appear on the scene, and often on the shortest notice. It was so in Cyprus. In the Cuban crisis he played an influential and exciting role in the decisive planning which led to the unforgettable climax. For the week before President Kennedy's national broadcast he slept in his office and by various stratagems escaped attention at a time when secrecy was of vital importance. He has been the principal United States representative in the dialogues with President de Gaulle over difficulties in Europe.

In all the economic negotiations between Europe and the United States Mr. Ball has borne the burden of leadership for his country, and an exacting burden it has often been. He has led the United States delegation to all sessions of the Organization for Economic Co-operation and Development (OECD) at Paris since its formation four years ago. Let me, as leader of the Canadian delegation at the 1961 and 1962 sessions of OECD, pay a deserved tribute to the constructive, responsible, and always considerate, manner in which he fulfilled his duty there.

He has been his country's spokesman in all the meetings with the European Economic Community and its six constituent countries, and in all meetings under the auspices of the General Agreement on Tariffs and Trade (GATT) at Geneva, including the Kennedy Round of Trade negotiations. He was a powerful force behind the enactment by Congress of the Trade Expansion Act. He has played a leading role in all meetings and negotiations between Canada and the United States in these past four years in relation to trade and economic matters.

From close personal contact in many such meetings I can and do testify that Mr. Ball is a man of infinite goodwill. He is also a realist, a patient and resourceful negotiator, a man of unwearying industry, keen intelligence, persistence, and determination. He speaks with frankness and sincerity. One of his great assets is his straightforwardness in speech and thought. He has won the respect of the political leaders of many countries, including Canada. As he has earned their confidence and their friendship, his service to his own country has become more and more valuable and important.

It is not easy for a man bearing such responsibilities, who must be available to the President on the end of a telephone line twenty-four hours a day, to leave the United States in order to make a private visit to Canada and to deliver a speech. In inviting him to do so – indeed pressing him – I have assured him that we are profoundly grateful to him and also that in this forum complete and untrammelled freedom of expression prevails.

The subject chosen by our distinguished visitor is "The United States and Canada – Common aims and Common Responsibilities."

It is with pride and the deepest appreciation that I present to this meeting one of the leading figures in the international political life of our time, and a warmly cherished personal friend, The Honourable George Ball.

MR. BALL:

There is an honourable ritual that rerequires any representative of the United States Government visiting Canada or any Canadian Minister visiting the United States to try to provide a fresh and scintillating assessment of the state of relations between our two countries at the precise moment of his visit. This is not an undertaking without hazards. I still bear the scars of my own effort last year. Nor should it be approached cavalierly. For the relations between your country and mine are too intimate to be easily analyzed and too complex to be taken for granted. They cannot be summed up in a few platitudes and certitudes – and anyone who tries will surely miss the mark.

Our relations, after all, have deep roots. They are not an affair of the moment. They are compounded of history as well as the events of the day. They are the resultant of many national attitudes and national experiences. Nor can they be expressed in simple equations. They are composed of complex variables. They are not all of a piece; they exist in a number of different forms and on a number of different levels.

First, there are the bilateral relations between the Canadian and American peoples and between the Canadian and United States Governments. Thousands of our citizens cross common borders each day in opposite directions. Our economic eggs have been scrambled irrevocably. Our governments are in constant communication on a wide spectrum of problems – defence, foreign policy, civil aviation, fisheries, conservation, emergency planning, highway improvement, power production, and so on.

Second, there are relations that flow from geography. Your country and mine have common problems and common responsibilities because we are, at the same time, nations of North America and nations of the Western Hemisphere. And our borders on the two oceans give us common interests–and subject us to common dangers–in both the Atlantic and Pacific areas.

Third, we have special relations as fellow members of the Western Alliance dedicated to the defence of the NATO area from Communist aggression.

Fourth, as industrialized nations in a highly interdependent world economy, we have responsibilities to manage our affairs with due regard for other nations. We have special responsibilities, in addition, for what has been called the North-South relationship–responsibilities to assist in improving the peoples of the less-developed countries.

Finally, apart from the duties and obligations that derive from geography or wealth, our common membership in the United Nations requires us to see to it that both the spirit and the letter of the Charter are applied in resolving the problems and conflicts of mankind.

The fact that our relations exist on many levels complicates the solution of the problems between us. Within the intricate and elaborate structure of world relationships we are each important countries. Whatever either of us does has an impact around the world. For that reason we are required always to keep in mind that no problem between us exists in isolation. Whatever we do on one level of relationship has its echoes on others.

But if the existence of relations on many levels complicates the solution of problems between us, it can also simplify them. Some of our difficulties in the past have, I think, come about because we focussed on issues too narrowly. From time to time we have both been too self-centred. We have failed to take into account the larger context of our interests and relationships. We are doing better these days. The year 1964 produced a good harvest of Canadian-American relations. This year promises to be a vintage year.

Let me mention one recent achievement. That is the solution of the problem of our automotive trade. A few months ago a healthy solution of this problem was hard to foresee. Your Government was concerned with the disparity between domestic automotive production and consumption. It had designed an import duty rebate scheme that was causing considerable anguish to some American producers. Those producers were initiating procedural steps that would have led to the imposition of countervailing duties. Our governments were starting down a hazardous path of action and response, retaliation and counter-retaliation that would before long have wasted our resources and embittered our relations. By agreeing to eliminate tariff and other barriers to automotive trade we avoided economic warfare. We have found a solution that should, over the years ahead, greatly benefit producers and consumers on both sides of the border – a solution that should lead to a rationalized and integrated North American industry with lower costs and lower prices.

This agreement demonstrates how, by imagination and good will, we can resolve our differences. It provides, I would suggest, three lessons that should prove useful guides in the future:

First, we were able to reach a healthy and mutually beneficial result because we did not act unilaterally but by common agreement and by a decent awareness of one another's problems and interests.

Second, we followed our liberal economic instincts and did not distort the operation of market forces by piling restriction on restriction.

Third, we did not let ourselves get bogged down in political theory but acted in the tradition of pragmatism that is the heritage of both our countries. We knew good business when we saw it and were not deflected by doctrinal speculation as to the far-out implications of what we were doing.

The handling of the automotive problem is a good example of how two nations can live together rationally on a single continent. In its simplest terms the central problem that we face together – and I think we are as concerned about it as you – is how we can preserve the distinctive values of two separate national identities while still employing the resources of this vast continent in the most efficient manner. This is not, I submit to you, a problem that should outrun the imagination of highly ingenious peoples. After all, in the life of any nation there are many areas where the strict application of economic laws is traditionally tempered to preserve social values. This is almost the universal experience of nations with regard to agriculture and natural resources. In essence that is what a good part of Canadian-United States relations is all about. Under one heading or another our governments are constantly consulting as to how to find a balance between common economic logic on the one hand and each nation's social and political objectives on the other. But since we are nations of realists, I think we should recognize that the area af available manoeuvre and of national flexibility is being progressively reduced. Competition in international markets is growing constantly more rigorous as other great trading nations–through one device or another, such as the European Common Market–exploit the benefits of the economies of scale.

How we work these problems out between us over the next few years will, therefore, be a test of the wisdom and resilience of both nations. I offer only one strong admonition today: that we do resolve doubts in favour of economic liberalism rather than resort to artificial measures that can in the long run only restrain the growth of productivity at the expense of both our peoples.

We can, as I have suggested, solve most of our problems by a healthy dose of pragmatism and a lively appreciation of one another's interests. But this does not mean that either of our nations will ever fully comprehend the problems of the other with full sensitivity to all the nuances of national anxiety, pride and history that may be involved.

The beginning of wisdom in achieving effective relations between our countries and our peoples is, I think, the recognition that we can never fully understand each other. No matter how much we read one another's books and magazines, watch one another's movies and television, listen to one another's radios, or even talk together in a calm and rational fashion, neither of us will ever achieve a total comprehension of the other's national interests and attitudes.

For every great nation possesses a kind of interior life–a private family life–in which no outsider can ever fully participate and from which every outsider is to some extent excluded. If we are to avoid disappointment and frustration and serious misunderstanding we must frankly recognize that fact.

In my own observation, actions that have tended to embarrass the relations between our countries have sometimes been taken not because one nation ignored the attitudes and interests of the other, but because it thought it understood them when it didn't. I think it may be a wise principle that when a line of policy involves the intimate domestic concerns of either of our countries the other would be well advised to indulge a sympathetic presumption as to its neighbour's motives and not insist on making a wholly independent judgment.

This observation has special relevance today because we are each preoccupied with an absorbing national problem. In Canada you are seeking to resolve the special difficulties and preserve the special values of a bilingual society. In the United States we are coming to grips with the changes required to achieve a fully effective biracial society.

It would be neither appropriate nor useful for anyone from south of the border to express a view on your domestic affairs, but it is entirely appropriate for me to offer a few comments as to how we Americans are seeking to resolve our own most pressing domestic concern.

My country, as we are the first to admit, is engaged today in rectifying a grave social injustice. This undertaking is long overdue. Our task is, therefore, more difficult than it might have been had we tackled the problem with comparable determination at an earlier date. In the past hundred years we have managed–through great fortune and hard work–to develop an American economy that is enormously rich and productive. We have found the means for assuring the majority of our people an adequate standard of living. But even on the economic plane we still have far to go. There are still blighted areas in the United States, pockets of unemployment and poverty. Under President Johnson's leadership, the United States has launched a vast programme to eliminate these conditions. Our Negro citizens, in particular, have not shared fully in our rich economic life. More fundamental than that, however, they have been denied social and political equality. Racial injustice is more serious in some parts of the country than in others. But it is a national problem.

Today–at long last–the United States is undertaking to remove a great blight of social inequity, to establish the full equality not merely of Negroes but of all other citizens–to abolish segregation and discrimination in every form, and to assure to all Americans the same privileges and opportunities. This requires a profound change in our society–a change that we are seeking to bring about within a remarkably short period. I am certain that we will succeed. The momentum achieved within the past few years will continue and accelerate until we have wiped out every last vestige of social, political and economic injustice.

Meanwhile we are quite aware that events in this peaceful revolution can take ugly forms. No American can be anything but saddened by the incidents in Selma and Montgomery, Alabama, and in McComb, Mississippi. And we know all too well that pictures of police dogs and fire hoses are not good advertisements for the United States around the world. But at the same time we cannot help but be proud of the real meaning of the incidents these pictures portray. I do not refer merely to evidences of individual bravery and forebearance on the part of many people, both Negro and white, but also to the fact that these events are a part of the price we are paying for progress–the by-products of a determined national effort, fully supported by the overwhelming opinion of Americans – to bring about a shining transformation in our national life.

As President Johnson said last week:

> "There is no cause for self-satisfaction in the long denial of equal rights of millions of Americans.
>
> "But there is cause for hope and for faith in our democracy and what is happening here . . ."
>
> . . . .
>
> "Our mission is at once the oldest and most basic of this century; to do right, to do justice, to serve man."
>
> . . . .
>
> ". . . And should we defeat every enemy, and should we double our wealth, and conquer the stars and still be unequal to . . . [the issue of equal rights for American Negroes], then we will have failed as a people and as a nation."

And so I ask your understanding – as good neighbours – while we move forward with our domestic revolution. It may, as I have said, often be difficult – or even impossible – for you fully to comprehend all of the history and emotion, the clashes of interests and feeling that are involved. But we give you our word as your closest neighbour that we are working with speed and effectiveness to remove inequality and prejudice from our land.

What we do on the national plane cannot, as I have suggested earlier, be separated from the world obligations that we share in common. Today our two countries are deeply involved in the fight for freedom around the world. Your young men are keeping the peace in Cpyrus as you kept it before in the Congo. American soldiers are helping the people of South Viet-Nam to protect their beleaguered land from Communist aggression, which – though it has not taken the form of an army in columns crossing a frontier – is as much an invasion as an earlier Communist movement against South Korea. Our efforts in the far corners of the world in aid of common principles form part of the cement that binds our two countries. For both think in terms of the world responsibilities that events have imposed upon us.

I have no doubt that we shall do what history requires for us. For Canadians and Americans alike are proud peoples, fiercely dedicated to liberty and equally selfless in the defence of our common principles. And as Prime Minister Pearson said in New York last week, "When the chips are down and there is a real threat to basic values and principles that we cherish, we have stood and will stand together."

Thanks

Thanks of this meeting were expressed by Lt. Col. Robert H. Hilborn, President of the Empire Club.

MARCH 25, 1965

An American View of Britain

AN ADDRESS BY Mr. Douglas Fairbanks, K.B.E., D.S.C.
CHAIRMAN
FAIRBANKS INTERNATIONAL
(BUSINESS DEVELOPMENTS) LTD.

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

The American entertainer George Gobel explains how he got his name, this way: "One day dad called all sixteen of us children into the living room and said, 'Now which one of you wants to be George Gobel?' " "I wanted to be Douglas Fairbanks Jr.," explained George, "but that was already taken."

In addition to perpetuating the name as a household word for another generation he has inherited also the sobriquet "young man." He has grown up but he has been too busy to have formed the bad habit of growing old.

Our American knight began his professional film career at the age of 13, became a star at 22 and four years later in 1935 organized an independent production company in the United Kingdom.

His stage and professional writing careers began at 17; his radio broadcasts at 21 and he first appeared on television in 1950. He also found time as a young man to study art in Paris and in later years he has illustrated some of his own writings.

As a businessman he heads Fairbanks International Limited devoted to commercial and industrial development projects and ventures on an international scale.

Prior to World War II he joined the U.S. Naval Reserve and is now a more-or-less retired Captain. His courage, ability and energy during the war not only earned him countless medals for service in seven major campaigns; decorations including the British D.S.C., the French Croix de Guerre with palm, the American Silver Star and Legion of Merit, but also recognition by top Allied commanders, as evidenced by the remark of one beleaguered Admiral who said, "The only way to get any peace on any project is to include Douglas in on it right from the start." He was the only U.S. officer to command a flotilla of amphibious raiding craft under Admiral Lord Louis Mountbatten's Combined Operations Headquarters.

After the invasion of France he served on the headquarters of the Commander-in-Chief, U.S. Fleet as liaison between the Chiefs of Staff and the State Department. It was during this period we have the incident of Commander Fairbanks reviewing the rehearsal of a benefit staged by a U.S. Navy group. A special rendition of "Anchors Aweigh" has as a climax each man popping up and singing one word of the song in rapid succession. The Commander grumbled, "Very shabby performance! I got a glimpse of the sailor who stood up and sang 'Anchors' and he was a mess." His aide replied "He wasn't the worst. You should have seen the one that got 'Aweigh.' "

Mr. Fairbanks has received so many awards for amity that he has raised some unamiable brows. The British created him a Knight Commander of the British Empire and Knight of St. John of Jerusalem; the French awarded him the Legion of Honour and the rulers of Greece, the Netherlands, Belgium, Italy, Chile, Brazil and Korea have conferred their nation's highest orders upon him.

With spare time on his hands and spare vitamins in his system he either heads or is active in a variety of good works, chiefly international in character, including CARE of which he was national chairman as he was of American Relief for Korea. He was national Vice-President of the American Association for the United Nations, and is a director of the English-Speaking Union of the United States and the Cordell Hull Foundation. In Britain he is a Governor of the Royal Shakespeare Theatre, president of a branch of the St. John's Ambulance Brigade, and a member of the Guild of St. Bride's Church in the City of London. His diplomatic assignments have included those of Presidential Envoy for President Roosevelt (Franklin that is); official missions for U.S. Navy and State Department and Consultant to Presidential Advisor under President Truman. Mr. Fairbanks is a constant commuter across the Atlantic and we are indeed fortunate in having him alight, however briefly, among us. I am honoured in presenting the enthusiastic Anglophile and ambassador to the court of good will, Mr. Douglas Fairbanks Jr.

MR. FAIRBANKS:

I am not insensitive to the honour you do me by including me in the list of distinguished guests who have addressed you in the past. In fact, I was so keenly aware of the high standard set by my predecessors that after the first flush of the flattery of the invitation had been weathered, I very nearly declined it. That I am now here does not mean my timidity or apprehension is any less but that my susceptibility to flattery, and my gratitude for your hospitality, is more–much more!

Col. Hilborn has for days been quietly smoothing my anxious feathers with honeyed reassurances of the members expected to fill this room today, together with the impressive list of honoured guests we now see at the head table. He made a kindly point of saying what fairly widespread interest this visit of mine had created in advance. Some confusion developed, however, on my arrival when during a large and delightful reception last evening, nearly everyone I met greeted me with, "Well, what on earth are you doing here?" If the answer is one of mistaken identity, or I'm here on the wrong day, or there is some other mix-up, I disclaim all responsibility.

As to subject matter, I felt that for an American to avoid talking about his own country would at least be a novelty. The U.S. inspires expressions of opinion in media ranging from speeches to articles to library burnings to lying about and blocking traffic. Canadians, too, get involved in their share of controversy (sometimes of their own making). I thought, therefore, that we would both get off the spot by my submitting for your possible interest the purely private view of an American, myself, of Britain today. This decision had the advantage of the subject being several thousand miles away. Furthermore, it is unlikely that Britain would be very much concerned with my views anyway.

I hope no one will think because I intend to talk about Britain that I claim to be an expert on the subject. An expert is usually one who knows a lot about a little. I, alas, am one of those who knows a little about a lot. Transatlantic commuting, even over a lifetime, may not lead to any profound analyses, but it obviously must create a number of impressions–particularly if one destination was a nation, with which, both your country and mine share a long and fascinating history.

It is doubtful if the British can, any more than anyone else, see themselves as others seem them. However, it is generally conceded that Canadians can see both Britain and the United States in clearer perspective than either can see the other. I cannot expect, therefore, to tell you anything you don't already know. All I can do is as I say, to offer a private view, and to hope that America's claim to being Britain's oldest child–a child once thought of as a prime example of national juvenile delinquency–will be sufficiently tolerated by her *second* oldest child, and still loyal partner, that my view on how the Britain of today looks to me, an

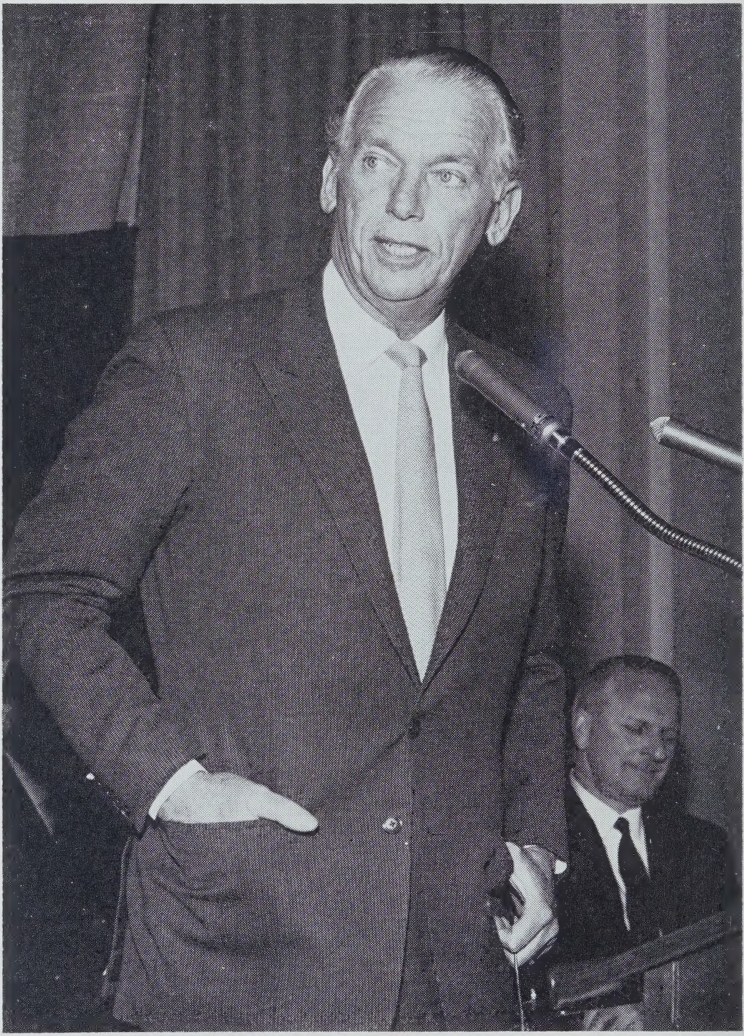
American, will not seem too gratuitous. I can also hope that Mum won't mind us talking about her behind her back.

It is admittedly dangerous to generalize about anything –particularly a nation like Britain which abounds in so many contradictions. British life, like British weather, is seldom extreme, but it is endlessly variable and precise observations are difficult to arrive at. But regardless of the status of Britain's fortunes, she has never ceased, for the past 400 years or so, to be important. Her management of her own affairs may have often seemed to others to be provocative, or even unfathomable, but she could never be ignored. When things have gone well for her, some thought an all-knowing, self-perpetuating Cabal was at work. When things have gone badly, observers wagged their heads and said she had lost her touch – she was through!

Policy: I don't believe Britain's "policy" as such, has ever been any different from that of any other nation's. The policy of every nation is an attempt to achieve a cycle of security for itself. First, economic security to safeguard social and political security, then military security to safeguard economic security, and so on. And each grows by what it feeds on. Britain has been historically conspicuous only because as a national freak, she is one of civilization's more spectacular success stories. I say "freak" because of the disparity between what she once was and what she eventually became. From a lovely green, but unimportant island in the North Sea of singularly few resources beyond a population of widely dissimilar tribes who, insulated by the channel from the debilitating struggles of the Continent, nonetheless kept blundering into adventures against great odds of both man and nature (and for which they were usually unprepared), she evolved a world-wide model system of freedom under law, while at the same time, and almost inadvertently, acquired the mastery of one-third of the globe. It might almost be called the story of "How To Succeed In History Without Really Trying."

That the largest empire in history, in its moment of

THE HON. GEORGE H. BALL, MARCH 22, 1965



Douglas Fairbanks, Jr., March 25, 1965

greatest triumph, peacefully transformed itself into the modern Commonwealth is indeed a tribute to the virility of its component parts. But it is even more due, I submit, to the British talent for the practical at the expense of the logical. This talent long ago gave up seeking final solutions to any problems. Instead it reconciled itself to a belief that neither victory nor defeat, neither success nor failure, are ever final or irrevocable.

British resourcefulness, resiliency and, if I may discreetly add, her conceit, are not, I believe, the evidence of an extraordinary determination to land on top, and upright, so much as a stubborn inability to conceive any other outcome possible.

A good deal of British self-fancy has been inherited by their offspring. I would not venture to be so ill-mannered as to comment on the characteristics of my hosts, but it has been said that the main difference between the British and the Americans is that whereas the British always thought the world normal but themselves superior, the Americans thought themselves normal but the rest of the world inferior!

Be that as it may, what the British *do* have, and in abundance, is character! Many of the facets of what we believed to be immutable about the British character nowadays appear to be undergoing a change of sorts. And, if true, no wonder! The vast expenditure of British blood and treasure in two great wars was the first installment of the price paid to preserve their kind of life. The second installment, now being paid is an adjustment to a world for which she no longer alone keeps the peace – a world requiring a basic alteration in philosophy and habits, yet in which, from a precarious, lesser position, she must still maintain worldwide obligations with the largest per capita defence expenditure in the Free World while struggling to live well within her depleted means.

Her thinly disguised nostalgia for the halcyon days are impossible to satisfy in a time when intercontinental Superpowers compete with huge and highly productive populations, drawing on immense reserves of natural resources. However developed British technocracy becomes, there are physical limits beyond which her 55 million people just cannot hope to go.

The Commonwealth has, to be sure, many virtues which are the envy and admiration of the world. Yet, this association, this international co-operative cannot and would not if it could, act as a single unit. The treaties and the balances of trade between individual members of this political miracle indicate that, except in time of great peril, there is a robust reluctance to subordinate the welfare of any one for any other. Even the theory of peaceful interdependence is subject to differing interpretations. Only in the common recognition of the Queen as its head is there a formal unity. But here again, there is the anachronism that the most progressive and liberal democracies within the Commonwealth are the constitutional monarchies, whereas the relatively restrictive or underdeveloped countries are generally the republics. Yet, the Commonwealth does function – illogically – as an institution, and its intrinsic value to its members and to the world, is far more important than its actual strength – more important, probably, than its members themselves realize.

As self-reliance is one of the objectives of the Commonwealth, so Britain must rely on herself to deal with the vexations bedeviling her. One undisguisable frustration derives from the overriding pressures brought upon her in various fields by the U.S., on whose friendship and strength she leans. Undoubtedly grateful for many great gestures of friendship and support in dangerous times, she is not unaware that we helped to urge her expedite her own demotion as an imperial power; that we assumed, however, reluctantly or tentatively, many of her former burdens of world leadership, and that by employing the most telling methods to win trade (most of which, I might add, we learned at Mother's knee), we have replaced her in many markets which are vital to her.

After creating some of the world's most scientifically sophisticated engines, aircraft, weapons, drugs, medicines, electronic and nuclear devices, in spite of all her Jobean tribulations to the 20th Century, it must sometimes be both embittering and discouraging to give way to the competition not only of one's closest friends, but also to one's abjectly defeated but now prospering former enemies.

Is it any wonder then that, with this and that, Britain is today so obviously confused and undecided about *where* they are, *what* they are, *where* they are going, or, indeed, where they *want* to go? Is it any wonder that much of the old lion's growl sometimes sounds like a yap – or occasionally a whine? Standing on the threshold and looking in the door, we see this country of great, often whimsical contrasts exhibiting more of them than ever. We see, for example, a number but by no means all, of her key industries plagued either by outmoded equipment, inefficient management, limited labour forces guided by old-fashioned union leadership, ineffective labour-management relations, and unimaginative salesmanship. Contrarily, there are other industries as modern as next week, which are second to none in efficiency and productivity, with the most progressive management and resourceful workers, and setting new standards for ingenious marketing. We hear their desperate pleas for more exports, yet note that, as one example, their motor car industry, is, after America's, the largest in the world. We read that their balance of payments, or their trade gap, is intolerable and that their currency is in grave danger. Yet, the pound sterling is still the trading currency of half the world; London is still one of the two great banking centres of the world; rubber, tin, diamonds, gold, and even the fine arts still have their principle markets in London; British merchant shipping still girdles the earth and practically all insurance everywhere finds its way ultimately to London. We *hear* of new restrictive measures and belt-tightening, but we *see* a domestic well-being that looks to the eye better than any previously known. Theatres and shops are jammed, new roads, buildings and houses sprout like mushrooms, more expensive cars are seen in the streets than ever before, and fashion, for men and women, has regained its old influence. How confusing can a situation be?

The most significant changes are, it seems to me, the least visible ones. The British are good shopkeepers and do their window dressing very well. They sweep the trash under the rug or to the back of the house. Externally, much remains as before. The countryside is, of course, still a neat, green paradise; the villages, so many peaceful havens for the wearied soul, the ugliness of the industrial towns have become a bit less ugly than before and the beauty spots of the great cities are as beautiful as ever. Perhaps more so as they have been cleaned up.

The people continue to be, for the most part at least, simple, kindly, and polite, and the words "honest" and "decency" and "gallantry" are still spoken of out loud and without embarrassment as virtues to respect and emulate. Dignity and coziness still go hand in hand – most of the time.

But, beneath all this, one is curiously aware of an undercurrent of discontent. It may well be that this is a form of thwarted vitality looking for a place to go and something to do. It sometimes may take the shape of youthful violence and petty crime, or a massive grumbling about petty or provincial matters, or hysterical shrieks of wounded national pride. Certainly the threads of tension are being woven into the usual pattern of calm. Splotches of deliberate scruffiness are discolouring the bold mural of casual elegance. The old melody of good-humour is occasionally thrown off-key by a discordant counter-melody of irritability, pique, and cynicism. Self-confidence gives ground to uncertainty, apology, and sensitivity. Behind all the shine and glitter of the new, wider, affluent society, there is a frustrated, indecisive quality of mind which for so long kept the world in balance, and intrudes that particular pride of responsibility, and that particular sense of mission which one could once almost smell in the salty air.

In a renaissance of exploding energy in the arts and sciences, in commerce and industry, at a time when life is fuller, gayer, more rewarding than ever, she mumbles despair under her breath – and many old faiths are suspect.

What then is the answer? What is to happen? No one, of course, can predict which way the world will wag. Britain's watery frontiers were ordained by nature, but the human frontiers have been narrowed by the developments of history and the over-resourcefulness of her people.

It is possible, in a practical sense, that a way will in time be found to reconcile her attachments to the commonwealth with amended qualifications for Common Market membership or its equivalent. Meanwhile, pressures on sterling will probably continue from time to time, and its ability to regain its former potency is questionable. Yet, so much and so many depend on sterling that it would not surprise me – an admitted amateur and poorly informed economist – if, in time, a closer relationship were not devised with the dollar. The dollar and the pound mean a great deal to each other, and although a straight forward "marriage" may be politically impractical, they might just live openly together in sin, as it were – or in some more respectable form of intimacy. Many currency reforms are even now being proposed and studied.

I would not have the temerity or indeed the imperttinence, to comment on medicine for the patient, especially as a diagnosis is still a matter of speculation. But no one of us in the U.S. or Canada can deny that our common special attachments to Britain justify our special interest in her future.

The brightest pages in Britain's history were never of her conquests, her arts or inventions – although these have been equal to any. Indeed, she has already been as decisive to civilization as have the Chinese, the Greeks or the Romans. Yet, she has never been able to command – even at the zenith of her power – the *most* of anything. Only the *best* of *some* things. No, her greatest natural resource has been her people – mystical, whimsical, at once dour and comic; stubborn and liberal and conservative; non-conformist to the point of eccentricity, so individualistic that, *en masse,* they form a recognizable pattern; peaceable but tough–and even, when the occasion demands, ruthless; insular and worldly, naive and sophisticated, timid and brave, cautious and adventurous; drab, plain, and glamorous; a people who, in the words of Lord Harlech, the retiring Ambassador to the U.S. "can only see the writing on the wall when their backs are to it."

These most expert legend-makers; these masters of make-believe and dramatic ceremony, these devout believers in the cohesive, inexplicit strength of symbols, these shy but vainglorious romanticists–these people, of whom Emerson said, over a hundred years ago, when pressed upon by "the transition of trade and competing populations–remember that they have seen dark days before . . . indeed, seem to see better on a cloudy day," and in adversity seem to draw upon a "secret vigour" and have a "pulse like a cannon."

Britain, as we have noted, has a kind of perverse proclivity–or destiny for doing things the hard way. It would be foolhardy to assume that merely because she has always in the past managed to pluck the flower of prosperity from the nettle of disaster, she will do so again. Still, it is equally foolhardy ever to sell her short. This is because she is more accustomed than most to change and experiment and innovation–but only so long as it does not unduly ruffle the illusion of orderly continuity, and so long as only the inward facts and not the outward forms are changed. Only in the reminding of herself of her virile and romantic past, in her maintenance of tradition and ceremony, in her confidence in and devotion to proven institutions, does she find the spiritual reassurance and encouragement she needs to stay on her feet–and off her knees!

Perhaps what we are seeing is only a period of convalescence, or a "change of life," of one more transition in her long story, of restoring energies in order to stand up again, refreshed, and, in concert with the changed times and circumstances, to renew her claims on history.

There has always been much to praise about Britain, much to deplore, much to criticize, much to inspire, much to pity, much to laugh at, much to irritate. But it would be a poorer world in general – a poorer New World in particular – were she to fall back into the shadows of history. This, for some typically inexplicable reason – beyond sentiment or wishful thinking, is highly unlikely with so many statistics to contradict, or becloud the issues. With every contradicting statistic to answer, I respectfully submit that we can still today risk subscribing to John Milton's 17th Century view of "a noble and puissant nation, rousing herself like a strong man after sleep, and shaking her invincible locks – viewing her mightly young and kindling her undazzled eyes at the full mid-day beam."

Thanks

Thanks of this meeting were expressed by Mr. Alex. Stark, Q.C., a Past President of the Empire Club.

APRIL 1, 1965

The Industry Everybody Takes for Granted

AN ADDRESS BY Mr. L. F. McCollum
CHAIRMAN OF THE BOARD
CONTINENTAL OIL COMPANY

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

If our guest of honour were to rise and address us without introduction, those of you who hadn't read your notices and who didn't know L. F. "Mac" McCollum, as you caught his buoyant bearing and outgoing optimism, might well be heard to murmur the old-fashioned phrase: "He must have struck oil or something" and you would have been so right.

In 17 years, as President and now Chairman of the Board, he turned the Continental Oil Company from a traditionally domestic company into one of the most aggressive in the international big league. Two years ago he may have talked himself into early retirement when he said, "When we hit a billion dollars in sales and a hundred million dollars in earnings, I'll quit." Sales have hit their target and, when I look at my fuel oil bills, I suspect that another cold winter could do it for earnings.

While his beginnings were in Tennessee, he was moved to Texas as a small boy. With ambitions to become a journalist, young Mr. McCollum enrolled in the University of Texas, switching to geology it looked easier. Upon graduation he joined Humble Oil, an affiliate of Standard Oil of New Jersey and roamed Texas for nine years as a staff geologist then to Tulsa, Oklahoma as exploration manager of Carter Oil Company, another Jersey Standard affiliate. In 1941 at 39, he was elected President of Carter. Two years later, Jersey Standard shifted him to New York as co-ordinator of the huge firm's worldwide production activities. He was headed, probably, for the top at Jersey Standard, but Continental went gunning for him and in 1947 they got their man. He took over as President to lead Conoco into the world market and they now explore, drill, produce and transport on a worldwide basis.

Of the many moderators and countless chairmen who have been privileged to present Mr. McCollum to expectant audiences, I suspect that few have been able to resist telling a tall Texan tale and I am not enough of a non-conformist to resist joining this group. I confess never to have been in Texas so there is no reason why I shouldn't believe everything I've heard about that great state. Large – how it can be contained within the United States defeats me; Wealthy – where a bank returned the cheque of a customer marked "Insufficient Funds" with a further courteous notation, "Ours – not yours" – and full of ebullient entrepreneurs, many, like our guest of honour, "in oil" – one of whom walked into Pan Am's Houston office and asked for a first class air ticket. "Where to?" asked the girl at the counter. "Doesn't matter," he said, "I've got business all over."

Mr. McCollum enjoys a 70 hour Texan work week, spending one third of his time in New York, one third in Houston and one third elsewhere. His wise counsel and sober economic judgments are sought in the worlds of business and government. He is a director of Morgan Guaranty Trust Company and Chrysler Corporation; a trustee of Cal Tech and a director of the Institute for International Education in New York. He is a member of the Business Council's

International Trade and Commerce Committee, and a past chairman of the U.S. Department of Commerce's Export Expansion Committee.

In his own industry he served his government during the past 16 years as chairman of seven specially appointed committees of the National Petroleum Council studying the United States petroleum productive capacity and reserves and for two years he was chairman of the 11,000 member American Petroleum Institute.

All of this obviously creates the problem of what to do with leisure time so he is a moonlighter in the areas of opera, classical music, hunting, fishing, golf, gardening and outdoor cooking of epicurean standard.

I am honoured to present the distinguished international oilman, the Chairman of the Board and Chief Executive Officer of the Continental Oil Company, who will address us on "The Industry Everybody Takes for Granted"–Mr. L. F. McCollum.

MR. MCCOLLUM:

It is not only a privilege to appear before this distinguished audience, but it is stimulating to be in Canada. Canada is one of the most important oil countries in the world and as an oil man I feel right at home. Exciting things are happening in Canada, and I am especially pleased today, because I want to talk with you about some of the remarkable things that are going on in the international world of oil which have a direct bearing on Canada's future.

The nations of the world have been so preoccupied with political revolutions that the significance of the great energy revolution of the twentieth century is just beginning to be realized.

In the last decade, we have discovered an unbelievable abundance of oil and gas in the world. The world's consumption of liquid petroleum and natural gas just about doubled. Oil and gas now supply about half the world's total energy requirements. In Canada and the United States, they provide three-fourths of our energy requirements. At the same time, we have had spectacular success in learning how to put them to use.

Oil and gas are the most flexible, easily transportable and the most versatile of any of the energy resources. Oil is now the single most important commodity in world trade in terms of value and volume. It accounts for half of the world's shipping. Furthermore, the world's incredible appetite for oil is such that in the next ten years alone, it is estimated that the Free World will consume as much oil as its total consumption to date.

The consumer has consistently had more petroleum products available at lower prices and the quality of these products has been steadily improved. Today's consumer expects a constant stream of new and better products. The world takes for granted that oil and gas will be available to meet any need – no matter how spectacular the demand becomes.

Despite the fact that oil and gas are used in thousands of petroleum-based products and services, very few peoples have any concept of the vast and intricate international oil apparatus required to provide these products and services. The international oil industry – it is really many industries – is the most complex and far flung in the world. The worldwide investment required for this, sounds like a national budget. Over the decade ending in 1962, the industry spent $106 billion in order to meet the growing demand for oil products. An investment increase of at least 50 per cent above this figure will be necessary to meet the requirements of the coming decade. Where does this money come from? By and large – and this is one of the industry's basic attributes – it has generated this capital from its own operations.

The industry has done business in many nations under every kind of political system in all stages of economic development. By its ingenuity and resourcefulness and the development of new technical skills, the international oil industry has recorded one of the greatest trade achievements in history. It has been a constructive catalyst in world affairs to a degree, and in ways which even international political organizations have been unable to match.

The use of oil and gas has come late in history. When discovered 100 odd years ago, man had no idea of its abundance in the earth's rocks, nor could he envision the multiple needs that oil and gas could and would create and satisfy. By 1900, the world's oil business was still very simple. Two countries – the United States and Russia – produced almost equally between them 93 per cent of the world's oil. It was used only for kerosene and lubricants. There was only a trickle of oil from other countries – Europe, the Far East, Peru and Canada. Then in 1901, a 100,000-barrels-a-day gusher in Spindletop, Texas, changed the business. Within three months, six wells in Texas were producing as much oil as all the wells in the rest of the whole world! Men's imaginations caught fire! The oil explorers began to fan out over the globe, finding it in undreamed of quantities. The flood of new oil swept away old industrial methods and gave birth to the energy revolution.

When you look at today's oil and gas producing map, you will see that the occurrence of oil and gas respects no national or geographic boundaries. We are producing oil in 43 countries on every continent except Antarctica and even under oceans and seas. We are searching for it on land and sea in almost every country in the world.

Despite the fact that we are finding oil in so many different places, there are two areas which have the greatest concentration of resources – two centres of gravity for the oil world, so to speak – the region around the Caribbean including the United States' Gulf Coast and the Middle East Persian (or Arabian) Gulf area. Of these two, the Middle East is now the more important, containing 62 per cent of the world's oil reserves. Reserves are so vast that one tiny country, Kuwait, has present proved reserves which approximate the total proved reserves in the Western Hemisphere. Africa is also moving up fast as a major new oil and gas area. Libya alone, which did not produce a barrel of oil in 1958, now has proved reserves almost twice those of Canada. However—and this is the heart of the matter—the places where most of the oil and gas is consumed are not the places where the big reserves are located. The only three industrialized nations which have large oil and gas reserves and which can produce enough to be self-sufficient are Canada, Russia and the United States. Neveretheless, countries with little or no oil of their own find themselves supplied with products. Through the versatility and skill of the industry in matching supply and demand, oil from 43 countries wends its way into the nooks and crannies of the world. Western Europe, which has less than one per cent of world proved reserves, now consumes nearly half of all the Free World's production, excluding the United States. Japan, with her industrial development, is becoming a major consumer of petroleum.

The importance of oil and gas has led governments to assume roles which have influenced the operation of the international oil business. Consuming nations, without adequate oil and gas resources, seek to assure themselves of an adequate and reliable supply at low prices. Producing countries with little consumption are equally determined to make the greatest national profit from their resources. Canada and the United States, who are both large consumers and important producers, have different but equally basic concern over their oil policies.

Governments became keenly aware of oil's importance at the end of the First World War. The Allies, as Lord Curzon said, swept to victory on a sea of oil. Sir Winston Churchill, as First Lord of the Admiralty, was deeply perturbed about Great Britain's new reliance on oil for its Navy and trade fleets. He persuaded his government to buy a controlling interest in Anglo-Persian Oil Company—now British Petroleum—which brought in the Middle East's first oil gusher in 1908. This was a precedent-setting action of government participation in oil. The French Government immediately formed a company to go into Iraq. After World War Two, it extended state participation in oil and gas in Algeria. At that time, the Italian Government started a state company to market and refine, and subsequently went into foreign exploration. These are examples of governments of consuming countries trying to assure sources of supply in their national interest. Today, more than 30 odd countries, both consuming and producing, have national government oil companies controlling all or part of their nation's oil and gas business. Nevertheless, the international oil industry has been chiefly pioneered, structured and developed by the seven largest international and integrated oil companies, all of which are private enterprise companies, with British Petroleum being a bit of an exception. As recently as 10 years ago, these seven companies did 90% of the business. Today, they do less than 70%.

The more oil and gas found overseas, the more it has encouraged new companies to look for it. In 1945, only 13 American oil companies were operating abroad. Now it is estimated there are 200 such companies. My own company is young as an international company, and I can tell you from experience that we haven't been exactly welcomed with open arms by our competitors. It has been rough going and I can foresee competition increasing rather than decreasing. Russia has added to this competition with its re-appearance as a major oil exporter. It is trying to capture markets in good old-fashioned capitalistic style by selling under the going price, and also by barter and for political reasons. Russia has been rapidly developing its oil resources which may be more extensive than those of the United States. Despite the mixed economic and political considerations which motivated the re-entry of the Soviet Union into the world oil market, we should not discount the impact it will continue to have in the future.

Another significant new factor in the world oil picture is the Organization of Producing and Exporting Countries, formed in 1960, and commonly known as OPEC. OPEC members are Kuwait, Saudi Arabia, Iran, Iraq, Qatar, Libya, Venezuela, and Indonesia. Together, these countries account for 80% of Free World reserves and presently about 45% of the world's production. Their oil is produced, transported, refined and marketed almost entirely by private enterprise, not by the governments. Furthermore, these are small consuming countries. OPEC's first objective is to obtain a larger share of profits. This they are currently achieving. The former 50-50 profit-sharing arrangement in the majority of these countries between governments and companies is increasing in favour of the governments. OPEC's second objective is to increase world oil prices. Because they are the major producing exporting countries of the world they feel they are in a strong position to dictate prices. But in the long run, competition in the market place will continue to govern the price of oil.

The biggest problem today in the international oil business is a surplus of oil, and it will continue to be for some time to come. This will be conducive to decreasing rather than increasing prices, which, of course, operates to the benefit of the world's consumers. The world's abundance of oil and gas, which is a long-range blessing, is actually the industry's short-term problem. We have an excess capacity of production and an excess capacity of refining, worldwide. But this is not slowing our efforts to find more oil or construct more refineries. The international oil industry is looking to the future, knowing that it must meet a rapidly growing demand.

Petroleum geology – while far from an exact science – is becoming more sophisticated every day. Improved exploration techniques and tools, and new discoveries, add impetus to the search for oil and gas which continues on a massive scale. Our technology is enabling us to drill deeper and deeper. Although we have only penetrated the earth to a depth of some five miles, we are already planning to conquer greater depths. With new scientific methods, we are producing more oil from new deposits than we did from past discoveries. We are also learning how to recover known oil reserves which we formerly thought could not be recovered. As one of the world's most eminent petroleum geologists, Wallace Pratt, has observed: "Where oil really is, in the final analysis, is in our own heads."

Canada and the United States occupy unique positions in the present and future of the international oil industry. Per capita income and per capita energy consumption are quite high in both nations. We have been blessed with ample oil and gas resources. Our national policies in respect to oil have encouraged their development. Incentives have been provided to the maximum number of risk takers to find and develop our reserves. This has been of great importance because we are small-field countries in comparison to other parts of the world. This is one of the major reasons why our costs of production are high compared to those of the Middle East. Each of us does have national oil problems. Canada is eager to develop more production and more markets. The United States has adjusted to becoming a net oil importer. In fact, the United States is the world's largest oil importing country. Its oil imports account for a greater proportion of the total United States' import bill – 10% – than is the case of Western Europe's as a whole, which is 9%. Furthermore, the United States' total energy market is expected to grow faster in the future than in the past. However, the United States must continue import controls in order to maintain a healthy domestic industry. We must develop our remaining resources so that we can meet our growing demands without becoming dependent on foreign supplies.

Canada and the United States both have great unexplored potential oil and gas resources. We have trillions of barrels of liquid hydrocarbons which can be extracted from Canada's Athabasca tar sands and United States oil shales when it becomes feasible to do so. As the two countries in the world which have benefited the most from the development of oil and gas, we can appreciate the eagerness of other countries to industrialize and try to attain our standards of living. The international oil industry is doing many things to help accomplish this.

I am speaking now about contributions which can be measured in more than dollars or gallons. The search for natural resources has always been man's motivation to explore the world. You and I wouldn't be here today if men had not been motivated to explore the world by the desire for gold and spices. However, the search for natural resources in the 20th century is accomplished by a sense of social responsibility that is a bench mark of how far man really has progressed.

Most of the world's oil and gas has been found in the underdeveloped countries. With the development of these resources, the Middle Eastern countries alone have seen their income from oil grow from $238 million in 1950 to over $2 billion this year. In addition to this, the international oil business has helped develop these countries by building roads, bridges, schools, hospitals and churches. It has set up technical training schools and provided scholarships for study abroad. The international oil business is concerned with helping develop human resources as well as natural resources. These are things a dynamic world enterprise has pioneered in enlightened self-interest. Being an industry which has developed so late in history, it is composed of men who are products of civilized, responsible thinking – men who know that the best way to help themselves is to help others. This philosophy is dramatically illustrated in the contribution the industry has made to helping feed the world's hungry people. The combination of oil and agriculture may well be the most important melding of two natural resources in the history of man. It has done yeoman's service in powering the world's agricultural machinery to cultivate ever greater expanses of land. The petrochemical industry has developed new fertilizers, pesticides and weed killers, which have vastly increased food production. Petroleum products are helping reclaim dust bowls and literally making the desert bloom. Petroleum researchers have even recently discovered how to make a protein food supplement from oil. The partnership between oil and agriculture, aided by the other sciences, is rapidly outlawing the Malthusian theory. We are better able to deal with the consequences of a population explosion when our knowledge explosion and energy revolution are providing us with the means to help solve our problems.

One of the great hallmarks of the international oil industry is its adaptability. It has had to accommodate itself to a bewildering and frequently conflicting array of government oil policies. It has pioneered and solved great technical problems. While it is absorbed in meeting today's demands, it is creating and anticipating new demands through research and development. In doing all this, it has also had to work on a profit-making basis. With such a multiplicity of tasks, it manages to operate so smoothly – to lubricate itself, if you will forgive me – that no one is aware of all the various gears that have to be perfectly meshed to produce these results. Someone has said about government – that when it is working properly you don't even know you have one. So it has been with this phenomenal oil business. Everybody takes this industry – so vitally important in so many ways – for granted.

The question I would now like to ask you is one which I have asked myself. How would you have liked the responsibility of planning this global operation in order to have achieved these results? Obviously, no one company or single agency could have planned this world-wide operation which functions so well. Then, how did it come about? It is the result of competition between so many participants operating in pursuit of profit in the best tradition of the Western World. For you and me, as consumers, it is a blessed thing that the industry is organized the way it is. Perhaps I should have said "disorganized".

The industry is growing dynamically and the energy revolution has just begun. The achievements of the international oil business may well be insignificant in the light of the contributions it will undoubtedly make tomorrow – as it provides even more energy and as yet unknown products for the use of mankind.

Thanks

Thanks of this meeting were expressed by Mr. Palmer Kent, Q.C., a Past President of The Empire Club.

APRIL 8, 1965

Rhodesia's Position Within the Commonwealth

AN ADDRESS BY The Right Honourable
Sir Roy Welensky, K.C.M.G.
FORMER PRIME MINISTER OF THE
FEDERATION OF RHODESIA AND NYASALAND

JOINT MEETING THE CANADIAN CLUB OF TORONTO AND
THE EMPIRE CLUB OF CANADA

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

In introducing our guest of honour and speaker today I could use the words of Horace Greeley when summing up the character of Benjamin Franklin. He said that he revered him as one who was frugal and didn't drink; one who rose from want to competence, from obscurity to fame, without losing his head; a statesman who did not crucify mankind with long-winded documents or speeches; a diplomatist who did not intrigue and an office-holder who didn't steal. So is Sir Roy Welensky regarded. A big man in every sense of the word whose drive, vision and forceful personality continue to expand a career that has already contributed a vital chapter to Africa's history.

Sir Roy was born in Salisbury, Southern Rhodesia of early pioneer stock. His father had emigrated from Poland, first to the United States, then to South Africa and finally trekked to the new land of Rhodesia. Leaving school at 14 Roy Welensky wandered over much of Africa for three years finding a variety of employment before he turned to railroading and prizefighting and made his home in the railroad town of Broken Hill, Northern Rhodesia. Here he entered the trade union movement and the political field. I cannot comment on the significance of him becoming heavyweight boxing champion of Northern Rhodesia during this period as I am not clear on whether he became a prizefighter because he was a politician or as is sometimes the case here, vice versa.

He rose rapidly as a labour leader. In 1933, at the age of 26, he was elected chairman of the Broken Hill branch of the Railway Workers' Union and a National Councillor holding both positions until his retirement from the railways 20 years later. During this time he became a main line engine driver.

Sir Roy was first elected to the Northern Rhodesian Legislative Council in 1938 and continued to serve without opposition at election time until the Federation of Northern and Southern Rhodesia and Nyasaland was formed in 1953. Sir Roy was elected to its first Assembly and became the right hand man of its architect, Sir Godfrey Huggins, later Lord Markham. Sir Roy was knighted in that year and on Sir Godfrey's retirement in 1956 he succeeded him as Prime Minister. He continued to head the Federation until it was dismantled in 1963. I am sure that my friend the Hon. Donald Fleming shares my interest in knowing that Sir Roy's finance minister, Donald McIntyre, was a Scottish baker. The kneading of dough would seem an appropriate background to this portfolio together with law and accounting.

Following the breakup of the Federation, Nyasaland became independent as Malawi and later Northern Rhodesia gained its independence. Sir Roy returned to the fray to take a strong stand in Southern Rhodesia against the threat of a unilateral declaration of independence.

I present to you a forceful fighter, pledged to partnership and co-operation with the African community and the Commonwealth, in the words of Sir Walter Scott:

> "His square-turn'd joints, and strength of limb,
> Show'd him no carpe knight so trim,
> But in close fight a champion grim,
> In camps a leader sage."

– Sir Roy Welensky, K.C.M.G.

SIR ROY WELENSKY:

There is to be a Commonwealth Prime Ministers' Conference in June of this year, and from that Conference, Rhodesia will be barred. Perhaps that is not the right way to put it. She has been offered the right to attend, and the right to speak if Rhodesian affairs are discussed at the Conference but has, and I think rightly, rejected this offer because her problems are for settlement between Great Britain and herself.

Now, today I want to try and put the Rhodesian viewpoint on this matter and, if I may, perhaps be permitted to say one or two things about Commonwealth development to you, as Canadians and as citizens of one of the senior members of the Commonwealth.

In the first instance, I want to make it clear that the present Government of Rhodesia has been treated very shabbily by the Government of the United Kingdom. The history of Rhodesia's attendance at the Commonwealth Prime Minister's Conference goes back for nearly thirty years, and Southern Rhodesia only surrendered that right to the Federation of Rhodesia and Nyasaland when it was created in 1953.

In the division of responsibilities between the territorial and Federal Governments, External Affairs became the prerogative of the Federal Government and so Southern Rhodesia willingly surrendered her right to attend the Prime Ministers' Conference to the Federal Government.

When, in the fullness of time, the Federation was destroyed, it was clearly understood by those of us who attended the final dissolution conference in 1963, at the Victoria Falls, that Southern Rhodesia would re-inherit her former status. It is true that this was not specifically referred to as an item, but everyone concluded that it would come about automatically.

Now, gentlemen, can you imagine the feelings of Rhodesians when they discovered, in the year 1964, that a Commonwealth Prime Ministers' Conference was to be held, and their Prime Minister was to be barred from attending? I want to remind you that I am no friend of the present Government in Rhodesia: I have opposed their policies and can be considered a political opponent. But I was as horrified as any other Rhodesian at this cavalier treatment of a country which has, since its creation, staunchly supported, in every possible way, Britain and the Commonwealth.

Well, gentlemen, can you understand the feelings of Rhodesians when they see their country, which has enjoyed responsible government since 1924, refused attendance at the Prime Ministers' Conference?

Now, it is on this subject that I want to say my piece. I have always believed that Rhodesia should stay within the Commonwealth. I returned to politics a few months ago to oppose the present Government, because I was of the opinion that there was a considerable risk, at that time, of the Government seizing Independence illegally. I felt that it was my duty to do my best to prevent it, because I did not like the look of the prospects my country would face outside the Commonwealth.

However, as one who has loved the Empire and now tolerates the Commonwealth, I have to admit that I begin to wonder whether the Commonwealth, in its present form, can survive.

Surely one is entitled to believe that any great enterprise – and the former British Empire was a great enterprise –

has some common objective or objectives. In the Empire, there was loyalty to the Sovereign; there was belief in our democratic system of Government; we believed in justice, basic freedoms, rule of law, fair play and last, but not least, the determination on the part of our leaders to spread what we believed was our doctrine throughout the Empire. And one must admit in all honesty, that today the ideals that we then stood for are not generally accepted by many Commonwealth countries.

Let us take as an example the systems of Government. The Commonwealth today, whether we like it or not, contains everything from democracies to one-party states, and dictatorships. Is it not a well-known fact that quite a number of Commonwealth countries are hard at work attempting to undermine the regimes of other Commonwealth countries?

I submit that, if this present state of affairs continues, it must in the long run lead to an ineffective Commonwealth that will have little or no influence on world affairs. I frankly will regret that day, because I believe the British Commonwealth has been a great power for good. It once spoke with a united voice, and I firmly believe that a strong British Commonwealth is something that not only could, but should, play a part in world events again.

The old Empire, by virtue of its ideals and heritage, was a strong bulwark against the evils of Communism. Can that be said of the Commonwealth today? I believe that the sooner this situation is faced realistically, the better for all of us who live within the Commonwealth.

It is for this reason that, when speaking at the Dorchester Hotel in London last year, I made the suggestion that the time has come for us to consider some sort of two-tier system of Commonwealth. Let us have a Commonwealth in the one tier, consisting of members who do have something in common: who believe in a loyalty to Her Majesty the Queen; in justice, in basic freedoms, law and order: and who are prepared to defend each other in the event of aggression from outside. In effect, let us have rules and discipline within the

Commonwealth, and let those countries who are willing, not only accept the benefits, but accept also the burdens when necessary, and join for the common good.

It would also be possible to have another tier of Commonwealth membership, made up of countries who need not in any way be involved in Defence arrangements, but who would be tied to other Commonwealth members purely by ties of trade and finance.

I am no more equipped to foresee the future than any other man, but I can see a very dangerous situation developing, as a result of the stress and strain that may develop from an attack on Malaysia. Is it intended by some of the Commonwealth countries that Malaysia should be left to her fate? I know the British Government is committed, but what other parts of the Commonwealth will rush to the aid of Malaysia in the event of her being attacked?

I think the time has come for us to consider pruning some of the dead wood associated with the Commonwealth. I would say to those who no longer wish to be associated with us, "Go, and go with our goodwill"; but I do think that those of us who remain, and who do have a common link in the form of heritage and loyalties, would be well-advised to forge a strong chain, the links of which are tempered by a common purpose that can be used for the good of all mankind.

Thanks

Thanks of this meeting were expressed by The Hon. Donald Fleming, President of The Canadian Club.

APRIL 22, 1965

The Canadian Mineral Industry

AN ADDRESS BY Mr. A. L. Fairley, Jr.
PRESIDENT
HOLLINGER CONSOLIDATED
GOLD MINES LIMITED

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

COLONEL HILBORN:

I am particularly grateful, on this my last meeting as your President, for the privilege of introducing a leader in an industry on which the broad foundations of this entire nation rest. Mining has served to push back our frontiers by supplying the first practical proof of the friendliness of the north. It has coloured every aspect of Canadian life and in transforming our economical and social life, it has given Canada the stature of a great power with an arresting position in the complex world of today.

Albert L. Fairley Jr. represents a strong reversal of our oft-lamented brain drain. He selected for his birth and for his education at high school and college levels two American cities for whose subsequent prominence he, in all honesty and modesty, takes no credit. He was born in Jackson, Mississippi and educated in Birmingham, Alabama. It was in 1959 that he integrated himself into Canadian industrial life as President of Dominion Steel and Coal Corporation.

Following post graduate work in geology and mining engineering at John Hopkins University, Mr. Fairley served as a geologist and engineer with the Tennessee Valley Authority and with a division of United States Steel Corporation. Immediately prior to his enlistment as a private in the U.S. Army Air Force in 1943 he was Assistant Deputy Director of the Steel Division of the U.S. War Production Board. Following his discharge in 1946 as a Captain he joined the Shenango Furnace Company of Pittsburgh whose Vice-President he was, when he left Pittsburgh to come to Canada. This is quite a feat in itself as you will know if you have ever tried to get out of Pittsburgh.

Retiring as President of Dominion Steel and Coal in 1964, he assumed the Presidency and role of Chief Executive Officer of Hollinger Consolidated Gold Mines, the tale of whose beginnings and growth is probably the most colourful and exciting saga in the whole history of Canadian mining. Recently he has been elected to the boards of the Canadian Imperial Bank of Commerce and the Crown Trust Company.

Samuel Butler wrote, "Though wisdom cannot be gotten for gold, still less can it be gotten without it. Gold, or the value of what is equivalent to gold, lies at the root of wisdom." And, if anyone questions Samuel Butler on this, I can arrange to have someone from the York University campaign call upon you.

A geologist, mining engineer and outstanding corporation executive "Much travelled in the realms of gold, and many goodly states and kingdoms seen", it is my honour to present and your privilege to receive Mr. A. L. Fairley, Jr., who will speak to us, in depth I am sure, on "The Canadian Mineral Industry".

MR. FAIRLEY:

It was with a great deal of pleasure that I accepted the invitation to talk to you today. It provides me with an opportunity to discuss a subject that I have been intimately associated with since college days and one, I believe, that needs to be talked about. I refer, of course, to the mineral industry and particularly the Canadian mineral industry.

Now, after uttering just a few words, it will, I think, be readily apparent to you that I am not a native of the fair City of Toronto, although it is one of my favourite places. As a matter of fact, I'm in sort of a peculiar position. I am an American citizen, raised in the Confederate State of Alabama, living in the magnificent City of Montreal, and running companies incorporated in Ontario, Quebec, and Newfoundland. There are those who claim this makes me a real mixed up kid, and there are times, gentlemen, when I'm inclined to agree with them. However, looking at it another way, it may be this makes me one of those much sought-after, but rarely found, multilingual, multicultural persons. However, "mixed up" or multicultural, whichever way you care to look at it, I'm going to talk to you today about one of my real loves – The Canadian Mineral Industry.

An examination of the Canadian mining scene today reveals a growth industry, based on more than sixty mineral commodities dispersed throughout our four million square miles. The growth of the industry in this century, and in this decade, has been spectacular. Since World War II, this rate of growth has been double that of the world mineral industry as a whole. If a satisfactory economic and political climate continues, the next decade can be even more rewarding. Such a situation is both possible and desirable – not only to the Canadian industry but to all Canadians.

It is a cardinal error to assume that the welfare of the mineral industry concerns only those people directly involved in it. International trade is the bloodstream of the Canadian economy and, in these terms, the well-being of the country is more securely linked to the mineral industry than to any other single industry. Canada's mineral industry is, in fact, the back-bone of the country's contemporary economy; perhaps, to use a phrase more closely allied to the industry, it should be called the "bed-rock" of the country's financial strength and its major opportunity for progress. I hope, at the conclusion of this talk, to leave you as convinced of this fact as I am.

It may not be generally realized by all, but mining in Canada is deeply rooted in the traditions of the country. The industry has been a functioning part of our working history since the days of the earliest explorers. The despatches of Jacques Cartier contained reports from the Montagnais Indians of the Saguenay regarding the existence of copper and gold beyond the headwaters of that River; some modern historians connect these reports with the now-known deposits of Chibougamau. Martin Frobisher reported evidence of extensive mineralization on Baffin Island after his expedition in 1577-78. Champlain's men found copper by the Baie de Chaleur, not far from Gaspe Copper Mines.

A forge based on bog iron ore operated intermittently from 1737 to 1883 on the St. Maurice River, supplying much of the ironware needed in that period. The first pig iron furnace was built in Upper Canada in Leeds county in 1800. Between 1868 and 1884, three million troy ounces of silver were mined from Silver Islet – an island about 85 feet in diameter that rises just eight feet above the surface of Lake Superior near the Lakehead. You people who are familiar with Lake Superior may speculate on the effect storms had on this mining enterprise. Your gloomiest opinions would be right, because the whole operation was washed away several times.

Canadian mining is one of those unusual areas of human effort where the romance and colourful folklore is really over-shadowed by the authentic record of the events themselves. It is true, however, that modern Canadian mining has four centuries of rich and exciting history behind it. It is also apparent that this history, and the traditions it nourished, have been effective forces in the spectacular developments of the industry in the 20th century. In this instance, the word "spectacular" is not an exaggeration.

Between 1900 and the end of World War II, the value of mineral production in Canada rose from about 64 million dollars annually to 500 million dollars. In the past 20 years, the value of Canada's annual mineral production has leaped forward more than 600 per cent to the 1964 figure of 3.43 billion dollars. No other major industry has achieved such a rate of growth, nor does any other industry possess such a growth potential.

I think it is fair to say, that in spite of the contributions of the Canadian mineral industry to Canada's progress since the end of World War II, the industry is not well understood by Canadians generally, nor is the role of the industry in the country's economy widely appreciated. In my opinion, there are several reasons for this, but the most potent is, at the same time, the most obvious. The real activity of the industry occurs, not on Bay Street in Toronto nor St. James Street in Montreal, but usually far removed from major centres of population. Canada is rapidly becoming a nation of urban dwellers who have little opportunity to see mining operations and mining communities in action. The economic benefits they derive from these activities are so thoroughly blended in the economic stream that they are not readily visible. Nevertheless, these economic benefits are both measurable and impressive; in one way or another, they affect the lives and living standards of all Canadians.

The mineral industry, for example, employs about 125,000 people. In a national work force of some 6.9 million, the employment of 125,000 by one industry may not appear as a particularly large figure, but its real significance rests on circumstances peculiar to the industry. It is estimated that for every person employed in mining operations, six others are employed in manufacturing and service industries which supply mining companies. In this light, directly and indirectly the mineral industry provides employment for more than 12% of Canada's working labour force. This is a significant figure.

Of equal importance in the context of a growing Canada, is the contribution of the industry to the pioneering traditions on which this continent has been developed. The last frontiers of the new world lie to the north. In this direction, the mineral industry has been moving quickly and effectively. Almost all of the permanent development which has occurred in what was once the far north has been the result of mining enterprise and mineral discoveries.

Many of you will remember when names such as Timmins, Kirkland Lake, Noranda, Red Lake, Yellowknife and Flin Flon were new in the Canadian vocabulary. More will recall when Chibougamau, Manitouwadge, Beaverlodge, Schefferville and Gagnon entered the company of Canadian communities. Even as I talk, such centres as Labrador City, Mattagami, Thompson and others are fleshing out as modern centres of population around recent mining developments. In the past ten years, the great Quebec-Labrador trough with its iron ore deposits has itself transformed two villages into modern centres and, in addition, has nourished into being four substantial, entirely new communities, each complete with every modern living convenience.

All of those new mining communities need and develop – in addition to food, clothing, and other personal necessities – schools, hospitals, homes, communication services, transportation services, commercial businesses, utilities and recreational facilities. So, quite apart from the job and business opportunities they create, they set in motion a sequence of requirements which stimulate our economy to its very roots. The opportunities for professional people, tradesmen, merchants and small businessmen in these new communities are extensive. Each new community requires and develops almost every type of facility for service, health, culture and recreation found in larger and older communities. Each development represents opportunity for many people, many professions and many skills.

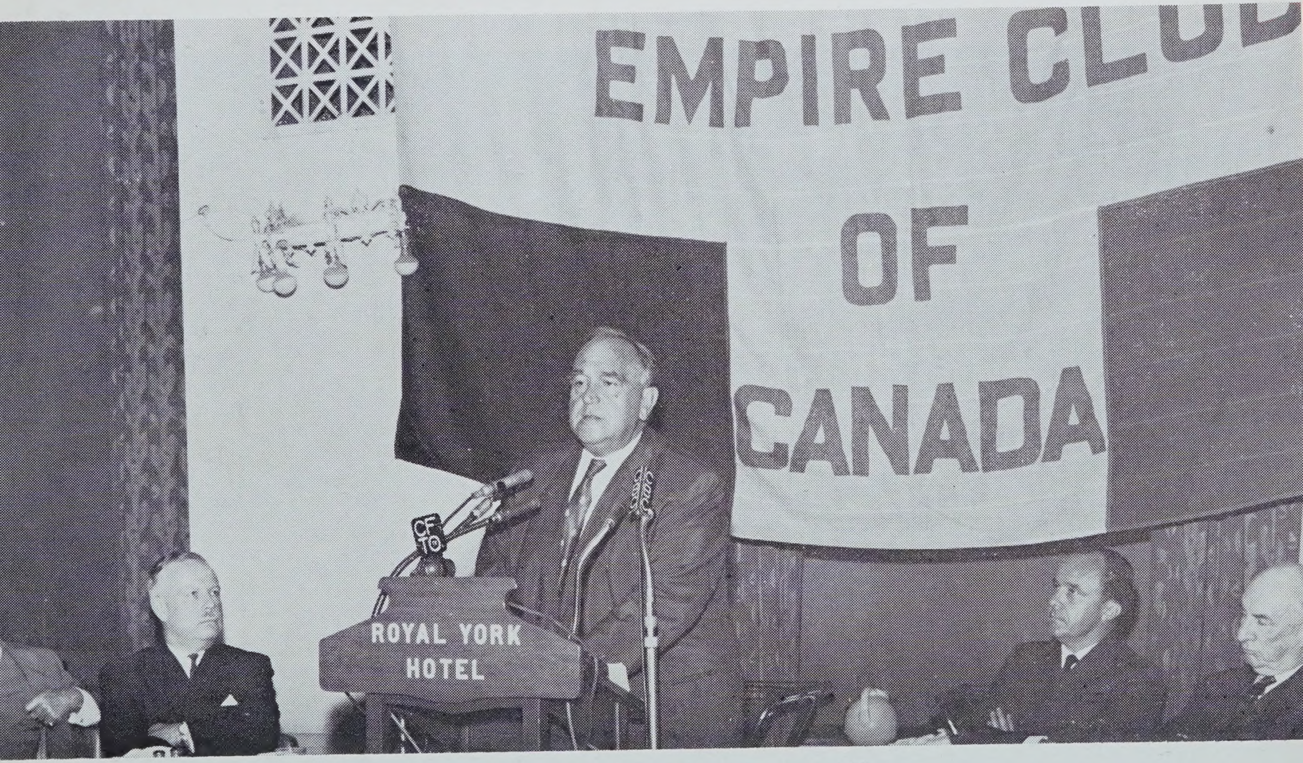
All this is quite apart from the requirements of the mine or mines which set this sequence in motion. Canadian mines are heavy consumers of machinery and equipment, process supplies, fuels and electricity, construction material, freight and transportation in its many forms. Annual purchases of machinery and equipment alone by the Canadian mining industry total more than 200 million dollars. Since, by policy, the mines try to purchase Canadian-made goods, the vast majority of these purchases are made from Canadian companies, and provide employment to Canadians.

One more thing I would like to add on this subject: salaries and wages in the mining industry are higher than those in any other industry in Canada. As a result, mining communities are high-income communities with real purchasing power to pump into the economic stream of the country.

Most of the mining developments of recent years have taken place, as I mentioned earlier, hundreds of miles from the big cities, but in terms of speed of access and communications they are, in fact, today much less remote than Cobalt was at the beginning of the century, or the Porcupine or Kirkland Lake a few years later. In today's concept of pioneering, I also find one interesting reversal of a pattern. In the last century, it was the building of railways that led to the discovery of asbestos deposits in the Eastern Townships of Quebec, nickel deposits in the Sudbury Basin and silver deposits in Cobalt. But in recent years, it has been the discovery and development of mineral deposits which have led to the building of railways. Since World War II, more than 1,600 miles of new railway track has been laid, all for the purpose of serving new mining communities and new mining operations.

And so, the visible contributions of the industry to Canada's development have been impressive; but in another equally important but less visible field – that of foreign trade – the contribution has been unique. On a per capita basis, Canada is truly a great trading nation, a world leader, in fact. I need not dwell on how closely our standard of living and our progress are linked to export trade, which represents almost a quarter of the national income. In its contributions to export trade and foreign exchange, the Canadian mining industry stands alone among Canadian industries. In 1964,

L. F. McCollum, April 1, 1965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THE RT. HON. SIR ROY WELENSKY, APRIL 8, 1965 the export value of the Canadian mineral industry's products again exceeded the two-billion-dollar mark–a figure considerably larger than that derived from any other industry. In fact, the foreign exchange returned to Canada by these exports was almost as great as that of manufacturing, agriculture, and fishing combined. They amounted to one-third of Canada's total exports.

Here, in my opinion, is a situation many Canadians have failed to observe. But the record is clear on the subject. As late as 1950, the value of Canadian exports of mineral origin was approximately 840 million dollars, or about 95% of the export value of products of the farming industry and about 76% of those of forest origin. By 1953, the export value of the mineral industry's products had edged past that of the farming industry and was close on the heels of the forest industries. By 1957, the export value of mineral products was more than double those of agricultural origin and substantially above those of the forest industries. By 1963, they had passed the two-billion-dollar mark, returning some 400 million more than even the great forest products industry. In 1963, the exports of the mineral industry represented 32% of the country's total of 6.7 billion dollars. Forestry products were second with 26%, followed by farming and fishing with 21.6% and manufacturing with 19.7%.

The figures for 1964 of approximately 2.2 billion dollars show further strength in the export as well as the domestic field. If it is true that Canada needs more export trade – and it obviously is – here is an industry that holds vast promise for the Canadian economy. No other industry is growing at this rate. No other industry comes close to the growth potential of the mineral industry in the decade ahead of us. Here, indeed, is an industry in which Canadians excel. It represents something we *can do*, something we *should do*, and something we *must do*.

I would like to stress one more point on the subject of the mineral industry in relation to Canada's export trade. Canada has a regular trade deficit, as we all know, with the

United States. Between 60 and 65% of Canada's mineral exports go to the United States. The exchange returned from these exports in the past six years has been the largest single factor in keeping this deficit within manageable proportions.

Against this economic background, it is a fortunate fact that Canada's surface has been merely scratched for minerals. If evidence of this were needed, it was supplied by Texas Gulf Sulphur just one year and one week ago today with the announcement of the discovery of a major copper-zinc-silver orebody just a few miles from Timmins, a gold mining centre that has been world famous for more than half a century. New prospecting and exploration methods have reshaped the concept of mineral-seeking even in the older areas. And, in the last ten years, these new methods have also opened up huge new areas that have not been systematically prospected before.

We hear much of secondary industry and the need to expand this type of business. I agree with this completely and believe it should be pursued aggressively. As far as economically practical and feasible, the output of our *mineral industry* should be processed in Canada. There should be no slackening in our efforts to achieve this objective. But, regardless of the effort put forth in this direction, I am equally convinced that Canadian secondary manufacturing and Canadian processing of mineral products can never, in our lifetime, even approach the potential of Canadian mineral *production*. The pathway that will allow Canadians the maximum benefit from these resources is clearly marked: we should make every effort to expand the production and export of *both* raw and finished product to the full extent of available markets. But let us not dally – or slacken our efforts to find, develop, produce and export the raw product, simply because, for economic or other reasons, our processing or manufacturing industry is not advancing as fast as we would like.

All available evidence, then, points to the conclusion that the Canadian mineral industry has more potential for massive economic growth than that of any other industry in Canada. It therefore represents the greatest single opportunity to strengthen Canada's basic economic structure.

But, I would be misleading you if I were to suggest that this expansion can come easily. The cost of finding, developing and launching a new mine under contemporary conditions in Canada is formidable.

In recent years, the estimated average cost of finding each new mine, which has reached production, has been about 30 million dollars. Development costs before production begins are even greater. In the case of the iron ore properties in which my company is heavily committed, they were more than 10 times greater. Because of these initial costs, together with the long-range nature of such investments, the political stability and the nature of the country's tax laws are vitally important to the mineral industry.

Canada, of course, has a good record of political stability. We also have good mineral tax laws. These laws have been set up to encourage development of our mineral resources – and indeed they have. They are more conducive to mining development than those of the United States; but they are not as good as the laws of some other countries which also depend heavily on the mineral industry for both domestic and export needs. The laws of South Africa, for example, as they apply to the mining industry, are quite superior to those of Canada. Our tax laws could be improved, but in my opinion, they do reflect a recognition of the national importance and need for the continued development of the mineral industry. It is my sincere hope that the royal commission on taxation, now sitting, and the present and future governments will also recognize this need.

Having pointed out some of the good and advantageous things about the Canadian mining industry, I would be grossly remiss if I failed to point out some of the major problems confronting it. I believe, as I've said before, we have just scratched the surface of our mineral development in Canada – but many other countries have reached the same conclusion about the industry within their boundaries. Russia, China and other parts of the East are expanding their mineral industries at a rapid rate. A recent press report indicates that Russia has passed Canada in the production of asbestos, a product in which we had long been dominant.

Many areas in the underdeveloped but rapidly developing countries of Africa and South America have not even been physically explored, much less prospected. Thus the potential for increased mineral production in other parts of the world is not only ripe for development but is, in fact, experiencing an explosive expansion. This has intensified competition in world markets.

One particular example of this competition is iron ore, a subject very close to my heart. In the Quebec-Labrador trough, we have one of the three or four largest iron ore areas in the world. When it was opened in 1954 – after more than 20 years work by my company – the ore was considered to be of good commercial grade. Within five years, metallurgical advances in the steel industry had changed this. By present world standards, the ore from this source is, at best, medium grade, requiring the expenditure of huge amounts of money, both for capital investment and operating costs, to bring it to acceptable standards for the modern blast furnace. This we are doing – but it does take massive amounts of capital.

In other parts of the world, particularly Africa and South America, there are resources of very high grade iron ore which can be mined and shipped "as is." Australia has also entered the market, providing a price threat to our West Coast producers. Liberia, another example, has developed and is producing extremely high-grade ore from large, low-cost deposits. In many countries now competing in the iron ore markets, labour rates are much lower than those in Canada. As a consequence, world iron ore markets are under heavy pressure, and the glut of iron ore in the world has made the business bitterly competitive.

Canada has a total of 17 mines producing iron ore and, in value of output, this commodity has moved into first place, having overtaken both copper and nickel. This iron ore segment of the industry survives on exports – representing between 85 and 90% of its total production, which in 1964 exceeded 38 million short tons. This total is expected to reach 48 million tons within a few years. Such a performance will indeed be useful when interpreted to our foreign exchange balance sheet. But, if it is achieved, it will take place in the face of severe competition. The success enjoyed in meeting this competition will depend, in part, on the success of lowering production costs and, in part, on the social and political climate which encourage such efforts.

Copper, another major Canadian mineral product, can be produced far cheaper in Chile, Rhodesia and even in the Congo, despite current difficulties, than it can be produced in Canada. I could go on to name many such comparisons, but instead I will merely emphasize that these are facts that federal and provincial governments should keep clearly in mind when developing taxation and other policies relating to the mineral industries.

Specifically, and in conclusion, I want to make the point perfectly clear that, while I am extremely optimistic about the mineral industry in Canada, it is not going to expand by itself. It will take work, capital, aggressive salesmanship, good management, and the utmost co-operation of both federal and provincial governments and labour, to keep it healthy and to keep it growing. But given aggressive management and the co-operation of government and labour, I am convinced that the Canadian mineral industry will continue to grow and will continue to be a major foundation of the expanding economy of this great country. Thank you.

Thanks

Thanks of this meeting were expressed by Lt. Col. E. A. Royce, Vice-President of the Empire Club.

APRIL 22, 1965

President's Report 1964-1965

ANNUAL MEETING

CHAIRMAN The President,
Lt. Col. Robert H. Hilborn

On this day next week, I shall be in the heart of the Commonwealth working closely with those who serve one who was our Queen and, I hope, having to do, to a degree, with matters concerning this Club. So on this penultimate regular meeting of our 1964-1965 Club year I submit to you my Annual Report.

In remembrance of things past, my thanks go out to countless numbers of you for new, and what I hope will be, continuing and firm friendships; to a distinguished array of guest speakers and to all past presidents and directors who gave unstintingly of their time and wisdom whenever called upon and who, with patience and charity, have suffered my foolishness in comparative silence and, I hope, forgiven me my unwitting trespasses.

Including today's meeting and the one to be held next Thursday we will have participated in 29 meetings during this Club year with an average attendance to date of 275.

I feel that we have been honoured with a particularly outstanding group of guest speakers and that they are worth remembering at this time for their great contributions.

At the international level –

From the world of politics and diplomacy, Lord Boothby, Sir Roy Welensky, the Honourable George Ball and Charles Ritchie and Messrs James Duncan, Douglas Fairbanks Jr., Cody Fowler and John Holmes.

In science and economics, Lord Rothschild and Dr. Harry Johnson.

In business Lord Knollys and Messrs. Roger Blough, T. V. Jones, L. F. McCollum and George Moore.

On the domestic scene–

The distinguished man of God on the week before his elevation, His Eminence Maurice Cardinal Roy and in the field of public service, politics and education, the Prime Ministers of Canada and the Province of Quebec, and the Honourables Leon Balcer, Leslie Frost, Davie Fulton, Paul Hellyer, Senator McCutcheon and Dr. William Morton, with, I trust, the Hon. Mitchell Sharp still to come. In Canadian business, our guest of honour today and Messrs. William Currie and Robert Shaw.

Each year the outgoing President expresses, as is most fitting, his appreciation of the assistance he has received from those who serve this Club so faithfully and diligently. My debt to this group is greater than any of my predecessors as not only was I desperately trying to fill the shoes of not one but two past presidents in "Anniversary" Arthur Langley and the Hon. Roland Michener, but I was suffering from a case of the bends resulting from accelerated promotion. Having been a director for only one year, and never having been a second or third vice president, I was honoured with the presidency after only two months as first vice president. As the only President who does not appear in his predecessor's year book as president elect it doubtless will be said that few forgotten presidents of the past deserve their oblivion as richly as does Hilborn. The fact that the Club not only survived this expedient measure but actually prospered, if not financially, certainly culturally and numerically, is a tribute to the great reserves of strength in its past presidents, directors and committee members. Our membership stands at the highest figure in the 61 year history of this Club at

2,954. This represents an increase of 119 new members since this time last year.

I should like to thank particularly those past presidents upon whom I have leaned most heavily, Mr. Arthur Langley, incomparable in our Golden Jubilee year; Hon. Roland Michener who in his preparatory work got this year off to a flying start and who brought distinction to our Club and to himself in his appointment as Canadian High Ambassador in India; Lt. Col. Bruce Legge who as chairman of our Royal Visit dinner committee has another great task in hand and, of course Mr. John Griffin who not content to rest on laurels earned continued to serve as Secretary-Treasurer. Lt. Col. E. A. Royce our First Vice President, Chairman of the very successful Membership Committee and my strong right arm and sympathetic ear; Vice Presidents, R. Breden Stapells and Graham M. Gore; Mr. Harold Gillingham, Chairman of our Head Table Committee; Dr. Clarence Crummey, Chairman of our Reception Committee ably assisted by Drs. Harold Cranfield and James Parish, and Messrs. Ian Baxter, Horace Harphan, Charles Hoffman, Ernest Miles and Ford Ralph who so warmly welcome you each week; Mr. Warren Goldring, Chairman of our Budget and Finance Committee; Mr. Douglas Best, Chairman of our Year Book Committee and others on our Board too numerous to mention; Mr. Angus McKinnon, Manager of this Royal York Hotel; Maitre d' Charles D'Ario and his staff; Mr. Stanley St. John at the piano and those from TV, radio and the press who have encouraged us with their coverage. We are appreciative of the co-operation and support of the Hon. Donald Fleming and Mr. John Philp of the Canadian Club with whom we have joined in five great joint meetings this year.

Conscious and appreciative of the high honour you gave me in the Presidency of our Club I have attempted to give it proper direction and to keep it on a true bearing. In this I have been reminded of my friend, Jim Tait, who during the war conceived the idea of the compass which bore his name and was used so successfully in counter-espionage work.

The main characteristic of the Tait compass was that the needle pointed to the South rather than the North hence the expression; "He who has a Taits is lost."

Seriously, the honour of having served in the illustrious succession of Presidents has been a warm and rewarding experience, full of compensations, and one that I shall always treasure. In retiring, may I remind you that our banner still flies unaltered though this year one of its companion pieces has been changed. The winds of change are threatening, in another quarter, to find the name "Empire" anachronistic. Let us stand fast and continue to regard the word "Empire" as a traditionally sound synonym for whatever name applies to the union that maintains our heritage of loyalty and freedom under the Crown.

I now ask you to receive the report of the Nominating Committee which will be presented by its Chairman, the indefatigable Lt. Col. B. J. Legge, Q.C., E.D., President of our Club in 1958-1959.

MR. LEGGE:

The Nominating Committee was comprised of the following gentlemen: Richard Casson, Dr. C. B. Crummey, H. G. Gillingham, Horace Harpham, Lt. Col. B. J. Legge, Q.C., H. N. R. Jackman, The Rev. Robert Watt, J. K. Williams, Q.C., and R. J. Wood.

The Honorary President is His Excellency the Governor General of Canada, the Right Honourable Georges Vanier.

The Honorary Vice-President is His Honour Earl Rowe, the Lieutenant Governor of Ontario.

The Honorary Secretary is Ernest Miles, the Honorary Treasurer, Walter Comber, the Secretary-Treasurer, John Griffin, the Assistant Secretary, Ford Ralph, the Assistant Treasurer, Marvin Gelber, M.P., and the Honorary Auditor, H. T. Jamieson, F.C.A.

The Board of Directors for 1964-1965 has had much experience in the business and professional world and in the affairs of The Empire Club of Canada. The following of our present directors have agreed to continue:

- R. L. Armstrong
- Ian Baxter
- Douglas Best
- Norman Borins, Q.C.
- F. G. Brander
- J. H. Corrigan, Q.C.
- Dr. H. V. Cranfield
- Dr. C. B. Crummey
- Edward Dunlop, M.P.P.
- H. G. Gillingham
- C. W. Goldring
- The Hon. Paul Hellyer, P.C., M.P.
- C. C. Hoffman
- Dr. E. M. Howse
- J. O. Hughes
- Lt. Col. Peter Hunter
- H. N. R. Jackman
- W. M. Karn
- T. C. Keefer
- Dr. H. I. MacDonald
- J. B. McGeachy
- Dr. J. A. Parish
- L. W. Skey, D.F.C.
- Lt. Col. J. G. Wasteneys
- J. K. Williams, Q.C.
- R. J. Wood

As new members of the Directorate we are fortunate that Mr. T. A. Pugsley, a former First Vice-President of the Club, has returned to Toronto and will rejoin the Board. Mr. W. R. Collier, the Manager of the Toronto Branch of the Toronto-Dominion Bank, Mr. D. H. W. Bath, the Manager of the Royal Trust Company, Mr. John Thompson, the President of Crush International, Mr. Alan Lawrence, Q.C., M.P.P., and Lt. Col. D. C. Haldenby have also consented to become Directors.

The Immediate Past President will be Lt. Col. R. H. Hilborn, M.B.E., who has given a year of triumphant, wise and witty leadership to this Club. The other Past Presidents will be Mr. Arthur Langley, Mr. Palmer Kent, Q.C., and Dr. Z. S. Phimister.

For elevation to the circle of Vice-Presidents your Committee unanimously recommends Mr. E. B. Jolliffe, one of Her Majesty's Counsel learned in the law. Mr. Jolliffe is of United Loyalist descent and an intellectual of many accomplishments. He is a graduate of the West China Union University and the University of Toronto. He is a Rhodes

Scholar who took his degree at Christ Church, Oxford, became a member of Gray's Inn, London, was called to the English Bar, attended Osgoode Hall Law School, won many scholarships, and was then called to the Bar of Ontario. As the Leader of the C.C.F. Party, Mr. Jolliffe gained political fame and was the Leader of the Loyal Opposition in the Ontario Legislature at the age of thirty-three.

For Second Vice-President we recommend that Mr. Graham Gore, the Director of Education for the City of Toronto, should be promoted from the Third Vice-Presidency, which position he has served so well.

Then, as the heir apparent, we propose Mr. Bredin Stapells, Q.C., who has been most helpful as the Second Vice-President of the Club. Mr. Stapells will certainly enhance his family name which is justly renowned in our Club.

At a time of remarkable success Colonel Hilborn will transfer the Presidency to Lt. Col. E. A. Royce, the General Manager for Ontario of the Bank of Montreal.

Colonel Royce has had a distinguished career in the banking world, having managed branches in British Columbia and Ontario before becoming the bank's principal officer in London, England. Since 1929 he has served in the Canadian Cavalry and Artillery and is a graduate of the Staff College at Camberley. During the war he commanded a battery of the Royal Canadian Artillery in North-West Europe. For his militia service he was awarded the Efficiency Decoration and he is now the Honorary Lieutenant Colonel of the 7th Toronto Regiment, Royal Canadian Artillery. Active in good works, he is a churchman, a Director of the Orthopaedic Hospital and a citizen who serves on the Redevelopment Advisory Council of the City of Toronto. He has always been active in sports, and is a member of Toronto's elite clubs.

Mr. President, I have the honour to nominate the gentlemen whose names I have read as Directors of the Club and Lt. Col. E. A. Royce, E.D., as the 63rd President of The Empire Club of Canada.

APRIL 29, 1965

The Quality of Canadian Life

AN ADDRESS BY The Honourable
Mitchell W. Sharp, P.C.
MINISTER OF TRADE AND COMMERCE

CHAIRMAN The First Vice-President,
Lt. Col. E. A. Royce

COLONEL ROYCE:

I suppose that one of the most quoted writers is Emerson and in one of his essays he states "Men are conservatives when they are least vigorous, or when they are most luxurious. They are conservatives after dinner." He was speaking, of course, of conservatives with a small "C" and in any event, this is not dinner but merely lunch so I can assure our distinguished speaker that he is not facing a hostile audience.

Mitchell Sharp was born in Winnipeg in 1911. He studied at the University of Manitoba and at the London School of Economics, later becoming an economist with James Richardson and Sons Limited, the large Winnipeg grain trading firm.

Although already enlisted in the reserve army, in 1942 Mr. Sharp found himself recruited by the Finance Department of the Federal Government where, in 1947, he took part in the negotiations which led to Newfoundland's entry into confederation.

He moved to the Department of Trade and Commerce in 1951 as Associate Deputy Minister. In this capacity he attended many international commodity conferences and led the Canadian negotiating teams for several International Trade agreements.

In 1958, Mr. Sharp left the government to become a Vice-President of Brazilian Traction Light & Power Company, a position he resigned in 1962 to enter federal politics as a Liberal candidate. He was narrowly defeated in the 1962 election, then was successful in the April, 1963, election and was named Minister of Trade and Commerce.

As minister, Mr. Sharp has had ample opportunity to utilize his long experience in international negotiations. In 1963, he led the Canadian delegation to the Gatt meeting in Geneva which launched the "Kennedy Round" of Tariff negotiations. Later, he entered negotiations with the U.S.S.R. to renew the lapsed trade agreement with that country – negotiations which led to Canada's largest wheat sale ever.

The minister of Trade and Commerce is responsible to parliament for the Export Credits Insurance Corporation, the Dominion Bureau of Statistics, the Canadian Government Travel Bureau and the National Energy Board. In addition, Mr. Sharp was named in February, 1964, as Minister responsible for the 1967 World's Fair.

While this brief biography sets out the salient facts of Mr. Sharp's career as the public knows it, it does not do justice to the man as he is. Mitchell Sharp left school at 14 to help in the support of the family, he continued his education at night until his matriculation, later working his way through university and, finally, through sheer dedication and hard work, managed post-graduate studies and a year at the London School of Economics with only such funds as he could earn while studying. Fortunate above many of his colleagues, he was assistant to one of Canada's greatest civil servants, the Deputy Finance Minister, Clifford Clark, and later moved from the Finance department to the Department of Trade and Commerce at the invitation of C. D. Howe. Blessed with a first-class mind and a capacity for hard work, equipped with a sound, formal education and privileged to understudy two such brilliant men, it is not surprising Mitchell Sharp has discharged his demanding duties as Minister of Trade and Commerce without apparent stress or strain in a most professional manner. Anyone who has seen him completely at ease during his television performances will no doubt go along with the commentator who stated "He is easily the most telegenic image in politics or in show business." While he has not admitted any aspirations in the latter field, should he tire of politics I suggest Juliette might well look to her laurels. On the other hand, since he is a Westerner by birth, we may find him riding the Ponderosa Range with the Cartwright Family–in any event, I am sure he would, as usual, be completely in command of the situation!

Gentlemen, may I present–this time in person–The Honourable Mitchell William Sharp, P.C., M.P., Minister of Trade and Commerce.

MR. SHARP:

This is the second time that my name appears on your programme within six months, which must be something of a record. I attribute this second invitation entirely to the eloquence with which my address was delivered on November 26th of last year when weather prevented me from being present in person. The advice I received from some of my friends who were here on that occasion was to have Colonel Hilborn deliver all my speeches. I trust there are not too many of you here today who are disappointed that I caught my plane this morning.

The title of the address delivered by proxy was a Tale of Two Cities because I gave essentially the same message within a single week to the Canadian Club of Montreal and to the Empire Club of Toronto about relations between English-speaking and French-speaking Canadians.

As will transpire, I might have given the same title to this address because it is another Tale of Two Cities and the only reason I didn't do so is that I was worried lest some of you might think that I intended to repeat my speech. Sometimes I do repeat my speeches but I invariably give them a different title in order to please the Secretaries of the organizations who have to put something beguiling on the notice card or in the newspapers.

I confess that since I prepare my speeches only a few days in advance of delivering them I always give general titles that enable me to deal with almost any conceivable subject. The title "The Quality of Canadian Life" that I submitted several weeks ago to your Secretary is no exception. It gave me plenty of scope.

Nonetheless I do have something rather definite in mind to say about the quality of Canadian life and I wanted to say it here in Toronto, one important part of which I represent in the House of Commons.

The City of Toronto is not just one of the two big Canadian cities. In my view it must learn to take on to an increasing extent the responsibilities of the metropolitan centre for English-speaking Canada, just as Montreal is the Metropolitan centre for French-speaking Canada. This country being what it is–composed of two societies, one English-speaking and one French-speaking–there cannot be, as there tends to be in the United States, one centre to which all others tend to be subsidiary in size and influence–New York–or as in Britain–London–or as in France–Paris. There are in fact and there will continue to be two big centres in Canada of comparable size and influence.

In saying this I am not suggesting that other cities of Canada must take second place to Toronto and Montreal or that they are inferior in any sense. What I do suggest is that since Toronto is several times larger than any other English-speaking city it cannot help but have a greater influence upon the quality of Canadian life, particularly in the English-speaking society.

This is so if only because size is crucial to the viability of many enterprises. There is more theatre in New York, London, and Paris, than anywhere else because there are more theatre goers. There is more theatre in Toronto, and Montreal, than in other cities of Canada for the same reason. The leading symphony orchestras, the leading professional musicians and musical schools can best be supported in the great metropolitan cities. That is why in turn the two C.B.C. networks, English-speaking and French-speaking, originate in Toronto and Montreal. In these two cities are published the principal Canadian magazines and the daily newspapers of greatest country-wide circulation. Around the media of communications cluster those would-be taste makers, the advertising agencies.

Whether the people of Toronto and Montreal like it or not and whether other parts of the country like it or not, these two great cities cannot escape their responsibilities for the quality of Canadian life. The whole country is influenced for better or worse by the standards they set.

The fact that there are two metropolitan cities in Canada rather than one is an advantage because it should generate healthy competition between them.

One cannot help but be impressed by the vigour with which French Canada is asserting itself these days. Some of the political manifestations may be misguided, particularly those that are directed to the separation of Quebec from the rest of Canada, but one can admire the determination of our French-speaking fellow citizens to maintain their identity and to play a larger role on the national stage.

Too often, I regret to say, our response to this vigorous assertion by French Canada is to enquire querulously: What does Quebec want and why is it asking so much? It would be more becoming and more helpful if we were to welcome this evidence of surging vitality in our fellow citizens and to assert ourselves as English-speaking Canadians with equal vigour.

You will pardon me, I hope, if in this connection I refer to a related matter of direct concern to me as Minister of Trade and Commerce. As the Federal Minister responsible for EXPO '67 I hear and read comments to the effect that this great universal exhibition is somehow being put on for the benefit of Montreal and Quebec, at the expense of the federal taxpayer.

EXPO '67 is in Montreal because Montreal was the only Canadian city prepared to assume the very large costs, running into tens of millions of dollars, and the other heavy responsibilities associated therewith and I say this without partisanship because the decision to have the exhibition in Canada and to accept the Montreal offer was made by the previous Federal Government.

In any event Montreal was probably the most suitable location for EXPO '67 and I am glad to say that it is being recognized increasingly as a major Canadian undertaking. I am glad to say too, that the initiative and the sense of responsibility of the City of Montreal and the Province of Quebec are being increasingly appreciated throughout the country. When our Centennial arrives I am confident that we will forget all these regional prejudices and join in the celebration, of which EXPO will be the heart and centre.

This is the first international and universal exhibition of the first category to be held outside Europe and it may be a very long time before Canada is host again, if ever it is. Yet it is well for us to recall that Montreal *was* prepared to take up the challenge on behalf of Canada. It did not hesitate to assume its responsibilities as a Metropolitan Centre.

The fact that EXPO '67 is being held in Montreal is not going to hurt Toronto; not in the least. It will be of considerable benefit to this City, directly and indirectly. We Torontonians have no reason for envy. I do suggest, however, that we have some reason for sober reflection.

I spoke a moment ago about the querulous response of too many English-speaking Canadians to the assertiveness of our French-Canadian fellow citizens in Quebec. I suggested that instead of being querulous we should welcome this evidence of vitality and respond in kind. A loud cheer for the Canadiens should be met by a loud cheer for the Maple Leafs.

In a similar vein may I suggest that Toronto should be asking itself whether it is assuming its responsibility as a Metropolitan Centre as effectively as is Montreal.

I know, of course, that circumstances are very different. Montreal has the largest French-speaking population of any city in North America. In that respect, it has no rivals. On the other hand, while Toronto is by far the largest English-speaking city in Canada, it is dwarfed by the English-speaking American cities which are magnets for Canadian ability and talent and the source of many of our ideas and much of our North American way of life.

This is another way, really, of stating the Canadian dilemma. The French-speaking society is close-knit, its institutions protected to some extent at least by its distinctive language. English-speaking Canada, on the other hand, is far flung, exposed throughout its length to the surging dynamism of American culture.

From this the pessimists draw the conclusion that the effort to create a genuine Canadian nation is bound to fail, that the odds are too great. One of our distinguished philosophers, George Grant, has already written his lament for a nation, which he subtitles the defeat of Canadian nationalism.

The answer to the pessimists and the lamenters is surely that in spite of the odds, which were there from the beginning, we have survived for a hundred years as a separate political entity, that our national life–political, cultural, economic–is more vigorous than it has ever been and that the desire to retain our identity is growing not abating. The soul-searching that we engage in so freely these days is surely the best evidence that can be brought to bear on that point. Certainly, any Canadian, who travels abroad, in the United States or elsewhere, knows that Canada is recognized as a flourishing place, with an image and a policy of its own.

No doubt Canada is developing in ways that are inconsistent with the concepts of nationalism of some Canadians. Throughout the world, in the West and in the East, men are having to revise their ideas of nationalism under the impact of changing technology. We live in the most revolutionary period of human history. All countries are becoming more interdependent and, as I have already said, we Canadians live next door to one of the most dynamic cultures in the modern world.

Our national purpose it seems to me should be not to attempt to insulate ourselves from these world influences, near or far, which would be a futile and self-defeating exercise in any event, but to adapt them to our own use and to impose upon them a Canadian pattern that reflects our own needs and aspirations.

So I return to the role of Toronto. As one of the two great Metropolitan Centres and the principal Metropolitan Centre of English-speaking Canada, this community faces a great challenge. As one of its respresentatives in Parliament, I hope and I believe that it will measure up.

I can think of no better or appropriate place in English-speaking Canada for the promotion of better understanding between our two societies. We live close enough to the Province of Quebec for quick and easy communications and the links through business, within academic circles, in the arts, in music, are many and can be many more if we make the effort. There can be a greater two-way flow of ideas and opinions between Toronto and the great Metropolitan Centre of Montreal than between any two other communities. Already, and that is why I am encouraged and bold enough to talk in these terms, I have observed a growing awareness and a growing understanding in Toronto of the problems of national unity. From Toronto, this awareness and understanding can spread most readily and rapidly to the rest of English-speaking Canada through the communications media located or centred here.

I have also been encouraged as I am sure we all have been by the rapid development of Toronto as a centre of learning, of the arts, and of entertainment. I suggest, however, that we can do better in this respect. We still do not yet fully recognize our own importance in the Canadian scheme of things, or our resulting responsibility to the rest of the country. If Toronto cannot provide a home for Canadian theatre, a training for Canadian actors, a living for Canadian artists, what other community can?

In short, I would like to see Toronto giving more of a lead and more of an example to the rest of Canada. It is a community of which you and I are proud. I believe it can also be a community of which the whole of Canada will be proud, if it accepts and lives up to the challenge of our times.

Thanks

Thanks of this meeting were expressed by Mr. E. B. Jolliffe, Q.C., a Director of The Empire Club.

9th September, 1965
The President and Directors,
The Empire Club of Canada,
TORONTO, Ontario.

GENTLEMEN,

Further to our Report of this date to the Members of The Empire Club of Canada, Toronto, Ontario, we report as follows:

Membership Roll:

Following is a summary of the Membership Roll for the year:

Membership Roll as at	*Resident*	*Non-Resident*	*Honorary and Life*	*Total*
30th April, 1964	2,643	116	89	2,848
Net Increase (Decrease)	(41)	99	(1)	57
	2,602	215	88	2,905

The Secretary-Treasurer has certified that the Roll as at 30th April, 1965 contained 2,905 Members as above.

Payments:

All payments made during the year were authorized by the Board of Directors.

Liabilities:

The President and the Secretary-Treasurer of the Club have certified that all liabilities of the Club as at 30th April, 1965 have been included in the accounts.

Insurance:

We are informed that as at 30th April, 1965 Insurance in force was as follows:

Property:	
Furniture and Equipment subject to 90% co-insurance	$ 1,100.00
Silver Cigar Box	700.00
Public Liability and Property Damage	200,000.00 Inclusive
Fidelity Bond covering all Employees of the Club including the Secretary-Treasurer	10,000.00

Acknowledgment:

We express our appreciation of the courtesy and assistance extended to us during the course of our audit.

Reported by,

H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS
Honorary Auditors

THE EMPIRE CLUB OF CANADA

THE ANNUAL FINANCIAL STATEMENT

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH APRIL, 1965

Cash on Hand and in Bank 30th April, 1964			$7,446.01
Current Receipts:			
Membership Fees		$16,306.40	
Proceeds from Sale of Year Book		72.00	
Interest – Bank	$ .48		
Bonds	270.00	270.48	
Luncheon Receipts – Net of Expenditures		821.47	
Donations		6.50	$17,476.85
Current Payments:			
Furniture and Fixtures		$ 54.07	
Members' Notices		5,361.96	
Miscellaneous Expenses		312.36	
Music		294.00	
Printing, Stationery and Postage		2,728.77	
Year Book Costs		8,081.07	
Recording and Publicity		127.74	
Rent		200.00	
Speakers' Expense		191.45	
Telephone and Telegraph		217.75	
Secretarial Services		2,526.03	
Honorarium – Secretary-Treasurer		1,000.00	21,095.20
Excess of Current Payments over Current Receipts			3,618.35
			$3,827.66
Life Membership Fees Received			600.00
Cash on Hand ($25.00) and in Bank ($4,402.66) as at 30th April, 1965			$4,427.66

NOTE:

Expenses and expense recoveries of the 1965 fiscal period not paid or not recovered at 30th April, 1965, and not reflected in the above Statement were as follows:

	Expenses	*Expense Recoveries*
Luncheon Expenses	$1,898.28	
Telephone and Telegraph	17.05	
Members' Notices		$257.09
Recording and Publicity		26.32
	$1,915.33	$283.41

To the Members,
The Empire Club of Canada,
Toronto, Ontario.

We report that we have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, for the year ended 30th April, 1965, and have obtained all the information and explanations we have required and that, in our opinion, the above Statement shows correctly the Receipts and Payments of the Club for the year ended 30th April, 1965.

In addition to the Cash Balance of $4,427.66, the Club held at 30th April, 1965, $6,000.00 Par Value Government of Canada 4½% Bonds maturing 1st September, 1983.

At 30th April, 1965, the Club was committed to publish the 1964-65 Year Book at an estimated cost of $6,400.00.

9th September, 1965. Honorary Auditors.

H. T. JAMIESON, LEMAY, & COMPANY
Toronto, Ontario. CHARTERED ACCOUNTANTS

1965-1966 *Officers and Board of Directors*

Officers

President	LT. COL. E. A. ROYCE, E.D.
First Vice-President	R. BREDIN STAPELLS, QC..
Second Vice-President	GRAHAM M. GORE
Third Vice-President	E. B. JOLLIFFE, Q.C.
Secretary-Treasurer	JOHN W. GRIFFIN
Honorary Secretary	ERNEST MILES
Honorary Treasurer	W. W. COMBER, C.A.
Honorary Auditor	H. T. JAMIESON, F.C.A.

Board of Directors

R. L. ARMSTRONG
D. H. W. BATH
IAN S. BAXTER
DOUGLAS W. BEST
NORMAN BORINS, Q.C.
F. GERALD BRANDER
W. R. COLLIER
J. H. CORRIGAN, Q.C.
DR. H. V. CRANFIELD
DR. C. B. CRUMMEY
MAJOR E. A. DUNLOP G.M., O.B.E., M.P.P.
HAROLD G. GILLINGHAM
C. WARREN GOLDRING
LT. COL. D. C. HALDENBY, C.D.
HON. PAUL T. HELLYER, P.C., M.P.
CHARLES C. HOFFMAN
REV. E. M. HOWSE, S.T.M., P.H.D., D.D.
JAMES O. HUGHES
MAJOR P. W. HUNTER
H. N. R. JACKMAN
A. F. LAWRENCE, M.P.P.
WILLIAM M. KARN
MAJOR T. C. KEEFER
J. B. MCGEACHY
H. I. MACDONALD
DR. JAMES A. PARISH
T. A. PUGSLEY
W/C. L. W. SKEY, D.F.C.
JOHN M. THOMPSON
LT. COL. J. G. WASTENEYS, C.D
J. K. WILLIAMS, Q.C.
R. J. WOOD

Immediate Past President	LT. COL. R. H. HILBORN, M.B.E.
Past Presidents	ARTHUR J. LANGLEY J. PALMER KENT, Q.C. DR. Z. S. PHIMISTER ALEXANDER STARK, Q.C.

Constitution

ORGANIZATION OF THE CLUB AND BRANCHES

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

Branches

3. Branches of the club may be established with the authority of the board of directors and subject to such conditions and regulations as may from time to time be decided upon by the club in Toronto.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Resident members
   (d) Non-resident members
   (e) Corporate members

   All members of classes (a), (b), (c) and (d) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Resident and Non-Resident Members

4. Resident members are members resident or employed in the Municipality of Metropolitan Toronto and members resident elsewhere who elect to be classed as resident members. Non-resident members are members resident and employed outside the Municipality of Metropolitan Toronto who have not elected to be classed as resident members. Save as provided in Section 5 of this Article candidates for resident and non-resident membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article resident and non-resident members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative resident or non-resident members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative resident and/or non-resident members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative resident or non-resident members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other resident members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of director at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a resident member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held

at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Year Book Committee
   (h) Head Table Committee
   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.
2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has

been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30th.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

HONORARY MEMBERS

Field Marshal Viscount Alexander of Tunis, K.G., G.C.B., G.C.M.G.
Daniels, D. K., O.B.E.
Gardiner, F. G., Q.C.
Gillespie, Lt. Col. George H.
Frost, Hon. Leslie M., Q.C., LL.D., D.C.L.
Geary, Major B. H., V.C.
Mansfield, S. J.

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Baxter, Ian S.
Baxter, Major James, M.C.
Beare, S. E.
Beatty, D. S.
Berkinshaw, R. C.
Best, Douglas W.
Borins, Norman
Boyles, Thomas A.
Burns, Charles F. W.
Clouse, Maj. Frank
Cobham, Arthur H.
Colebrook, H. G.
Comber, W. W.
Corrigan, Dr. C. A.
Cosens, G. G.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Gillingham, W/C Harold G.
Goldring, Dr. C. C.
Gordon, C. Jr.
Harpham, H.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Sydney
Hilborn, Lt. Col. Robt. H., M.B.E.
Hoffman, Charles C.
Hogg, Lt. Col. N. D., M.B.E., E.D.
Hough, T. E.
Howse, T. H.
Hughes, James O.
Inwood, A. E. M.
Jackman, H. N. R.
Jackman, H. R., Q.C.
Jamieson, H. T.
Johnston, W. D.
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, William M.
Kent, J. Palmer, Q.C.
Keys, N. A., Q.C.
Lambert, A. T.
Lawson, H. R.
Legge, Lt. Col. B. J., Q.C., E.D.
Low, Steven
Mackinnon, Lt. Col. A. P.
MacKay, Hon. Keiller
Matthews, Brig. F. B., C.B.E., Q.C.
Matthews, Maj. Gen. A. B.
McKinnon, N. J.
Michener, Hon. D. R., P.C., Q.C., LL.D.
Neelands, D. G.
Pallett, John C.
Parish, Dr. James A.
Phimister, Dr. Z. S.
Ridley, John B.
Roman, S. B.
Rosen, A. E.
Royce, Lt. Col. E. A.
Sandy, J.
Scythes, J. A.
Smeed, J. R.

Stark, Alexander, Q.C.
Strathy, Col. J. G. K.
Sullivan, Hon. Dr. J. A.
Thompson, Eric F.
Thomson, Garth O.
Thomson, K. R.
Waldie, Gordon
Watkins, William B.
Williams, J. K.
Wotherspoon, Brig. G. D. De S.

RESIDENT

Abbs, Charles E.
Abbey, Robert
Abel, Albert S.
Abel, John B.
Abernethy, Lt. Col. W. W.
Acheson, Arthur P.
Adair, Joseph
Adams, A. H.
Adams, G. W.
Adams, J. C.
Adams, James V.
Adams, Nevin R.
Adams, Ross H.
Adams, W. Bruce,
Adams, W. H.
Adamson, Edwin E.
Adamson, G. A.
Adamson, Walter
Adye, Rev. Canon E. R. G.
Agar, Harold A.
Agar, Norman E.
Aitken, Lloyd T.
Aird, A. E.
Aitchison, R. J.
Aitken, Robert S.
Alberts, Edgar T.
Aldcorn, T.
Alexander, H. H.
Alexander, Robert
Algar, John
Allan, Dr. Blandford
Allen, Ivan V.
Allen, Ralph
Allen, W.R., Q.C.
Allingham, N. W.
Allworth, Robert D.
Ambridge, D. W.
Ambrose, Sheriff P. J.
Amos, J. L.
Anderson, Basil
Anderson, Hugh J.
Anderson, J. Murray
Anderson, N. T.
Anderson, R. V.
Anderson, Major Gen. T. V., D.S.O.
Andras, K. B.
Andreae, H. C.
Andrew, Archdeacon G.
Anglin, Robert S.
Angus, D. L.
Annett, D. R.
Annett, Lewis L.
Anthony, R. F. K.
Appleton, C. N.
Archbold, Wm. D.
Archibald, C. R., Q.C.
Argue, D. R.
Armour, A. Douglas
Armour, John M.
Armstrong, F. W.
Armstrong, G. A.
Armstrong, George
Armstrong, Jas. A.
Armstrong, Joe C. W.
Armstrong, John S.
Armstrong, P. C.
Armstrong, Robert
Armstrong, Hon. W. Park
Arnold, Charles W.
Arnold, H. A.
Arthur, John B.
Ashley, Professor C. A.
Ashworth, F.
Astle, G. W.
Astley, D. B.
Atherton, C.
Atkins, Lt. Col. L. F.
Auden, M. F.
Austin, Frank
Austin, J. Jarvis
Aylward, R. C.

Babcock, Harold A.
Bagshaw, B. F.
Bagwell, George B., Q.C.

Bailey, William Gill
Bailey, William K.
Bailie, A. A.
Bainard, R. H.
Baker, Albert G.
Baker, Allan D.
Baker, Rev. A. Gordon
Baker, C.C. M.
Baker, Donald J.
Baker, Col. E. A.
Baker, G. Allan
Baker, George
Baker, R. J.
Baker, Vern E.
Balfour, Norman E.
Ball, Gordon R.
Ball, J. R.
Ballantyne, R. B.
Band, Philip E.
Barber, Orville B.
Barber, William
Barclay, D. F.
Bark, Chad F.
Bark, W. A.
Barlow, Hon. Justice F. H.
Barlow, L. E.
Barnes, F. A.
Barnes, Michael F.
Barr, John A.
Barrett, F. L.
Barrett, L. C., Q.C.
Barron, Christopher
Barstow, J. M.
Barter, Ernest J.
Bartlett, P. H.
Bate, Wm. B.
Bater, George W.
Bates, Dr. Gordon
Bates, George H.
Bath, Donald H. W.
Batters, John S.
Baylis, Roy E.
Bawden, H. N.
Baxter, Wm. H.
Bayes, W. E.
Beamer, C. M.
Beattie, A. L., Q.C.
Beauchamp, Walter N.
Beaupre, W. J.
Beckerman, Irving
Bedolfe, Robt. D.
Beeston, George H.
Bell, B. D. Gordon
Bell, Clarence W.
Bell, C. B.
Bell, J. Donald, Q.C.
Bell, D. W.
Bell, J. R.
Bell, Norman B.
Bell, N.H.
Bell, Peter
Bell, W. E.
Bell, W. E. N.
Belyea, Roy E.
Ben, George
Benitz, B. M.
Benitz, John
Bennett, David T.
Bennett, Jacob M., Q.C.
Bennett, Rev. Reginald M.
Bentley, A. F.
Bentley, W. A.
Berner, W. G.
Berry, Harry H.
Berry, J. Wilson
Berry, Rev. Dr. W. G.
Best, Dr. C. A.
Best, Gordon H.
Best, T. W.
Beveridge, C. G.
Bick, Charles O.
Bickerstaff, A. Harold
Bickle, W. N.
Biggar, H. T.
Biggs, Stanley C., Q.C.
Biggs, G. L.
Bilbrough, W. H.
Birchall, R. T. D.
Birmann, E. K.
Birrell, Dr. Russell G.
Biscoe, J. V. J.
Bishop, Joseph
Black, Allan C.
Black, Paul F.
Blackburn, D. W.
Blackstock, C. R.
Blain, Lysle K.
Blair, W. D'Arcy
Blair, S. M.
Blair, Willis L.
Blake, Parker G.
Blay, J. A.

Blenkinship, Cecil S.
Boehm, A. F.
Boileau, G. A.
Bond, H. B.
Bongard, Ian A.
Bonnycastle, Law C.
Bonus, John L.
Bonyun, Denis F.
Booth, C. W.
Booth, J. K. B.
Booth, Ross W.
Borins, Stephen
Bosanquet, L. C.
Bosley, W. H.
Bosworth, N. L.
Bourne, F. R.
Bourne, J. H.
Bourne, T. W. H.
Bowden, Frank
Bowden, John A.
Bowlby, R. A., Q.C.
Boxer, D. E.
Boyd, C. A.
Boyer, H. B.
Boyko, Jos.
Boyle, B. E.
Boylen, Lt. Col. P. F.
Boysen, H. C.
Bradley, Harold D.
Bradshaw, James A.
Bradshaw, Melville A.
Bradshaw, Richard B.
Bradshaw, Robert H.
Braham, Richmond R.
Brain, George M.
Bramm, Geo. V., M.E.I.C.
Brander, F. Gerald
Branson, C.
Brant, Ruben
Bream, Edward J.
Breckenridge, R. J.
Breen, J. M.
Bregman, S.
Breithaupt, Douglas L.
Bremner, H. A.
Brent, John E.
Brethour, E. J.
Brett, H. O.
Breuer, K.
Bright, John
Broad, C. H.
Broad, F. Ralph
Broadley, J. E.
Brockington, L. W.
Brocklebank, Frank
Brodie, Robert
Brodsky, Jack
Brooke, G. C.
Brooke, J. F.
Brooks, Dr. Clarence E.
Brooks, D. A. S.
Brooks, Herbert
Brooks-Hill, F. B.
Broomfield, George
Brosseau, B. L. P.
Brown, Arthur E.
Brown, E. Lyle
Brown, F. I.
Brown, G. D.
Brown, George M.
Brown, Hugh E.
Brown, J. L.
Brown, J. Sommerville
Brown, Mannie
Brown, Marcus L.
Brown, T. F. S.
Brownbill, H. F.
Browne, W. Herman
Browning, W. H.
Bruels, Dr. A. M.
Brumell, J. K.
Brundage, C.
Brunskill, A. M.
Bruton, M. W.
Buck, Dr. C. A.
Buck, Capt. W. R.
Buckley, R. J.
Budd, E. Bruce
Buddenhagen, W. C.
Bullied, Arthur
Bundy, Robert G.
Bunting, Pearce
Bunton, B. James
Burden, J. M., Q.C.
Burgess, H. T.
Burgess, R. B.
Burke, E. T. C.
Burke, H. Gwynne
Burke, Wm. G.
Burn, John M.
Burn, Kenneth
Burnard, F. S.

Burnham, Arthur J.
Burns, James E.
Burns, Lt. Col. L. J. W.
Burnside, Ed. G.
Burrows, R. G., Q.C.
Burton, E. G.
Burton, Lt. Col. G. A.
Burtyk, M.
Bury, W. H.
Butler, Ian
Butler, Sir Michael, Bt.
Butler, Thomas S.
Butt, Douglas R.
Butt, Leonard W.
Byers, Victor G.

Caddell, W. J.
Cade, D. R.
Cadesky, L.
Caird, J. F.
Cale, W. R.
Calladine, Eric A.
Callow, A. C.
Calvin, R. A.
Cambridge, Lt. Col. J. D.
Cameron, D. G.
Cameron, E. Rodney
Cameron, P. A. G.
Cameron, R. C.
Camken, L. A., M.B.E.
Campbell, A. McE.
Campbell, D. L.
Campbell, D. L., Q.C.
Campbell, E. M.
Campbell, H. C.
Campbell, Dr. H. H.
Campbell, Ian L.
Campbell, Lt. Col. J. D. H.
Campbell, John R., Q.C.
Campbell, N. D.
Campbell, Paul J.
Cane, A.
Cannon, Dr. C. F.
Caplan, Isadore
Cappe, N. R., Q.C.
Cardy, A .Gordon
Carleton, Major W. J.
Carey, A. R.
Carlisle, D. C.
Carnegie, A. D.
Carnegie, F. T.
Carpenter, J. H.
Carr, E. P.
Carradus, Capt. H. R.
Carrick, Donald, Q.C.
Carsley, L. L.
Carson, C. E.
Carson, James L.
Carson, R. S.
Carver, R. D.
Cary, Reginald
Casciato, L.
Cassels, Gordon T.
Casserly, F. W.
Cassidy, Hugh F.
Casson, Richard
Castle, E. W.
Cather, H. Ewart
Catto, Jas. A.
Catto, John
Cavell, H. E.
Chadsey, P. J.
Chalmers, Floyd S.
Chambers, Lt. D. P.
Champion, R. H.
Chandler, Frank G.
Chant, Dixon S.
Chaplin, James R.
Chapman, S. F.
Chard, Thomas
Charles, Leo E.
Chase, T. Millar
Checkley, J. W.
Chester, Lane R.
Chipp, W. G.
Chisholm, Robt. F.
Chittick, W. J. H.
Chote, Rev. A. A., B.A., L.TH.
Christian, Brig. J. D., C.B.E.
Christie, Col. J. H.
Christopher, W. H.
Chrysler, H. W.
Chubb, S. G.
Ciglen, Samuel
Clark, A. P.
Clark, A. S.
Clark, George F.
Clark, Peter
Clarke, Frank
Clarke, G. F. S.
Clarke, James H.
Clarke, John A.

Clarke, K. H. J.
Clarkson, G. H.
Clarry, John H. C.
Clayman, B.
Clinkard, Herbert S.
Clute, F. J.
Cockburn, Blake A.
Cohen, John C.
Coke, Major E. F.
Colby, S. A.
Cole, James F.
Cole, Sydney
Cole, T. F. C.
Colebourn, Victor K.
Coleman, Edward
Coleman, J. G.
Coles, Gordon E.
Coles, Harry F.
Collett, W. M.
Collier, W. R.
Collingridge, R. C.
Collins-Williams, G. W.
Collombin, Beverley
Compton, W.
Conn, Dr. A. W.
Connell, J. H. E.
Conner, Gordon
Conquergood, C. R.
Conquergood, J. N.
Conrad, J. C. P.
Consulat General France
Coo, H. Douglas
Coo, N. Douglas
Cook, Douglas H.
Cook, F. Gordon, Q.C.
Cook, H. E.
Cook, R. A.
Coope, J. Alan
Cooper, G. E.
Cooper, Russell W. A.
Cooper, Dr. W. J.
Copeland, G. W.
Copeland, Col. W. M.
Corbett, J. E.
Corbett, H. Milton
Corcoran, W. J.
Cork, E. Kendall
Corlett, Alva R.
Cormack, Dr. G. D.
Cormack, Wm. B.
Corneille, Rev. R. De
Cornish, F. Joseph, Q.C.
Corrigan, J. H.
Corson, C. R.
Cory, Peter D.
Cosbie, Dr. W. G., M.C.
Cosby, Stanley C.
Cosgrave, Rev. Dr. F. H.
Cossar, George F.
Cottrelle, J. E.
Coutts, Wm. E.
Coventry, A. J.
Cowan, Albert
Cowan, B. G.
Cowan, O. D.
Cowan, W. D.
Coward, Laurence E.
Cowling, Alfred H.
Cowper, David R.
Cox, E. S.
Cox, John V.
Cox, Norman
Cox, Trevor C.
Cox, Wm. H.
Coyne, James E.
Crabtree, Alan H.
Craick, W. A.
Craig, J. L.
Craig, J. R.
Craig, P. L.
Craigie, Major W. A. J., C.D.
Crane, D. L.
Crang, J. H.
Crann, Howard N.
Cranston, R. A.
Crashley, Lt. Col. J. D., C.D.
Crawford, E. H.
Crawford, E. S.
Crawford, F. J.
Crawford, H. P.
Crawford, John K. L.
Creber, G. E.
Creighton, W. L.
Creswell, D.
Cresswell, J. A.
Cressy, Joseph V.
Crichton, R. J.
Crispin, R. John
Crompton, Maurice W.
Crone, M. H.

Croombs, Wm. J.
Cross, Rev. Canon C. D.
Cross, E. A.
Cross, W. B.
Crossan, J. H.
Crossingham, J. H.
Crossley, Donald G.
Crossley, F. W.
Crowhurst, Fred
Crudge, R. W.
Cudbird, L. J.
Culbert, K. A.
Cullis, Trevor
Culnan, Dr. G. F.
Cummings, W. M.
Cummins, R. L.
Cunningham, G. A.
Currie, Gordon S.
Currie, H. D. G.
Currie, Percival H.
Currie, Wm. M.
Currie, Wm. Seaton
Curry, T. E.
Curtis, G. H.
Curtis, W. A., JR.
Cuthbertson, Gordon
Cutler, J. F.

Dagg, H. M.
Dale, R. G., D.S.O., D.F.C.
Dales, Robert L.
Dalton, Lt. Col. C. O., D.S.O.
Dalton, Wm. H.
Daly, R. A.
Daly, R. A., Jr.
Daniel, T. E.
Darbyshire, W.
Darroch, H. C.
Davey, Frederic
Davey, I. E.
Davey, R. Ian
Davidson, I. D., C.B.E.
Davidson, Philip, Q.C.
Davie, J. H.
Davies, Rev. F. V.
Davies, H. E.
Davis, E. R.
Davison, L. M.
Davy, Henry M.
Dawes, Herbert
Day, H. R.
Day, Robert E., Jr.
Day, Robert E.
Day, William D.
Deacon, Donald M.
Deacon, John A., Q.C.
Deacon, Paul S.
Deacon, T. R., Q.C.
Dean, Harold B.
Deans, M. C.
Dedman, Arthur M.
Deguerre, Fred L.
Delamere, R. D.
Denne, A. J.
Denning, Rev. Harry M.
Dennis, David L.
Dennison, William
Denton, J. Richard
Derry, Dr. Duncan R.
Desbrisay, J. T.
Despard, John E.
Devey, Gordon R.
Devlin, G. M.
Devor, B.
Dewar, A. M.
Dewar, K. M.
Dewsbury, Howard
Dickinson, M. R.
Dickinson, Rev. Dr. C. H.
Dierlam, Howard
Dies, Wm. C.
Dignam, D. S.
Diltz, B. C.
Dilworth, W. A.
Dingle, D. B.
Dinsdale, S. E., Q.C.
Disler, Dr. G.
Disney, Russell
Dix, Wm. B.
Dixon, B.
Dixon, W. M.
Doe, Roger G.
Doherty, J. H.
Dolson, Dr. Wilbur J. M.
Donolo, Louis
Donovan, Geo. R., Jr.
Dooley, T. S.
Dorken, H. R.
Doughty, C.
Douglas, C. R.
Douglas, J. A.
Douglas, Peter

Douglas, R. G.
Dowie, Ian R.
Dowsett, H.
Dowsett, R. E.
Draper, J. W. P.
Drew, Hon. George A., P.C., Q.C.
Driver, R. G.
Drucker, L. D.
Drury, G. M.
Dryden, C. R.
Dubin, C. L., Q.C.
Duff, John A.
Duggan, William M.
Duguid, Lorne W.
Dunbar, Arthur W.
Duncan, D. F.
Duncan, J. R.
Duncan, Robert A.
Duncan, W. A.
Dunkelman, D.
Dunlop, Major Edward A., G.M., O.B.E.
Dunlop, J. P.
Dunlop, W. A.
Dunmall, Maurice M.
Dunnet, Gordon
Dunsdon, Lionel H.
Dunwoody, James M.
Durnan, N. E.
Dutton, C. Sidney
Dutton, Thomas M.
Dwyer, F. A.
Dye, Edward H. M.
Dye, Harold E.
Dye, R. A. E.
Dyer, Virgil V.

Eade, Edgar
Eakin, Joseph S.
Easson, E. B.
Eastoe, S.
Easton, Albert W.
Eby, Peter B.
Eckel, James B.
Eckersley, Alfred
Eckler, Samuel
Edgar, G. Fleming
Edison, John G., Q.C.
Edwards, Alexander
Edwards, A. Geoffrey
Edwards, A. H.
Edwards, Dr. H. E.
Edwards, Col. I. C.
Edwards, James C.
Edwards, S. E.
Elder, C. K.
Elder, John J.
Elgie, G. C., Q.C.
Elias, Murray
Elliot, B. V., Q.C.
Elliott, C.
Elliott, Charles R.
Elliott, Donald R.
Elliott, H. H.
Elliott, H. J.
Elliott, Stephen
Elliott, W. J.
Ellis, C. Q.
Ellis, J. F.
Ellison, R. S.
Ellison, S. G.
Elmore, Thos. S., Q.C.
Elmsley, James B.
Elton, J. O.
Ely, Edward H.
Emerson, R. V.
Emmert, T. J.
Emond, Douglas L.
Emonson, Bruce
Empringham, John R.
Engholm, R. A.
England, W. T.
Epstein, H. B.
Epstein, Morris H.
Ethell, H.
Etherington, F. C.
Evans, J. R.
Evans, S. T.
Eyton, Trevor
Ezrin, Sydney

Faber, George
Facey, H. G.
Fair, Albert W.
Fairbairn, R. L.
Fairclough, Arthur B.
Fairclough, R. Peter
Fallis, Clare R.
Fallis, Geo. A., Q.C.
Falls, Orville M.
Fardoe, H. R.

Farley, T. S.
Farmer, G. A.
Farmer, Patterson
Farwell, S. M., Q.C.
Favager, F. G.
Fayle, L. V.
Feather, Major H. E.
Feigman, Leonard
Fell, Anthony
Feltmate, A. S.
Ferguson, C. A. R.
Ferguson, Geo. S. P.
Ferguson, Graham C.
Fessenden, C. V.
Field, E. M.
Field, Lewis E.
Findlay, William
Fingarson, E. W.
Fingold, S.
Fish, B.
Fisher, A. G.
Fisher, A. J.
Fisher, Frank
Fisher, H. R.
Fisher, J. Taylor
Fitzgibbons, J. J., Jr.
Fleming, Hon. D. M., P.C., Q.C.
Fleming, R. J.
Flint, Lyman G. B.
Flood, Lennox E.
Flora, L. J.
Flynn, W. Hugh
Fockler, Ewart K.
Fodor, Nicholas
Follett, Archibald J.
Follett, Gordon
Follett, Ralph N.
Forbes, G. E. Gordon
Ford, Gordon W., Q.C.
Ford, Kenneth G.
Forster, F. E.
Forsyth, C. D.
Foster, R. E.
Foulds, K. A.
Fournier, R. P.
Fowler, Harvey
Fowler, T. O. W.
Fox, George E.
Fox, G. Kingsley
Fox, John H.
Foyston, Donald E.

Francis, Dr. W. G.
Frankel, Roy H.
Frankish, Wm. B.
Franks, H. R.
Fraser, A. T. L.
Fraser, Lt. Col. C. E.
Fraser, D. G.
Fraser, Hon. Mr. Justice Neil
Freedman, Bernard
Freek, C. E.
Freeman, D. H.
Freeman, G. E.
Freeman, L. R., Q.C.
Freiser, Leonard H.
Fremes, C.
French, D. J.
French, Eric A.
French, S. C.
Freyseng, Willis P.
Fricker, Eric
Friesen, Frank
Froats, B. C.
Frohberg, Dr. M. H.
Frolick, S. W.
Frost, Major C. S., M.C.
Frost, Edward C.
Fryer, J. Dudley
Funston, R. O.

Gaasenbeek, M.
Gaby, Robert M.
Gaines, John C.
Gairdner, John S.
Galbraith, James C.
Gallagher, A. N.
Gallagher, R. R.
Galloway, Charles T. P.
Gamble, A.
Garbutt, W. C.
Gardiner, Geo. C.
Gardiner, Percy R.
Gardiner, W. W.
Gardner, John H.
Garfield, Michael J.
Garlick, R. D.
Garrett, Albert H.
Gartley, John C.
Gaskell, Ian M.
Gassard, H. L.
Gathercole, Geo. E.
Gaunt, J. Wm.

Gedye, W. P. B.
Geggie, Thomas P.
Geisler, R. A.
Gelber, Marvin B., M.P.
Gelinas, E. A.
Geller, J. A.
Gerrard, W.
Gerstein, Bertrand
Gerstein, Irving
Gervias, Morris
Gianelli, Brig. N. A.
Gibson, Hon. Mr. Justice Colin
Gibson, J. Douglas
Gibson, Harold
Gibson, Brig. T. Graeme
Gibson, T. H.
Gilbert, P. L.
Gilbride, W. P.
Giles, Harvey A.
Giles, Peter A. K.
Gill, Ernest I.
Gillelan, D. R.
Gillespie, A. Grant
Gillespie, Ross R.
Glassco, J. Grant, O.B.E.
Glover, Floyd M.
Glover, John
Glover, H. N.
Goad, J. B.
Godbold, R. S.
Godfrey, Frank
Godfrey, J. M., Q.C.
Goering, S. C.
Gohn, Byron E.
Gold, D. L.
Golder, Hugh O.
Goldring, C. Warren
Goldring, Dr. L. W.
Goldsmith, I.
Goldsmith, Martin
Goldsmith, W. L.
Goldson, W. L.
Gonder, Douglas V.
Gonet, W. S.
Gooch, T. H.
Goodall, R.
Gooday, Richard
Goodchild, J. W. F.
Gooderham, F. L.
Gooderham, Lt. Col. Melville S.
Gooderham R. M.
Goodfellow, E. J.
Goodman, Edwin A.
Goodman, J. E.
Goodman, J. O.
Gordon, Lt. Col. D. L., M.B.E.
Gordon, Edwin W.
Gordon, Brig. J. N., D.S.O.
Gordon, W. Earle
Gore, Graham I.
Gore, Graham M.
Gorham, John
Gorham, W. E.
Gossage, B. F.
Gotfrid, S.
Gouinlock, Robert W., Jr.
Goulding, E. D.
Gourley, George
Gowdy, D. M.
Gower-Rees, D.
Gowland, Rev. Arthur
Graesser, H. F.
Grafstein, J. S.
Grafstrom, V. F.
Graham, Allan
Graham, D. M.
Graham, Lt. Gen. H. D., C.B.E., D.S.O.
Graham, James J.
Graham, J. Lindsay
Graham, J. Rennie
Grainger, R. Norman
Grandy, T. C.
Grant, Major C. M., M.B.E., C.D.
Grant, David R.
Grant, G. E.
Grant, G. O.
Grant, J. Douglas
Grant, James A.
Grant, J. R.
Grant, J. W.
Grant, Peter G.
Grant, R. H.
Grant, W. G. F.
Grasett, H. W. S.
Gravely, Patrick
Gray, K. J.
Gray, W. Douglas
Gray, W. Lorne
Greaves, A. M.
Green, A. I.
Green, Joseph L.

Green, J. D.
Green. Thomas F.
Greenbloom, Murray
Greenglass, David
Greenglass, Morton
Greenwood, Lawrence G.
Greenwood, W. Harold
Gregor, T. P.
Gregory, Rev. L. A.
Greig, D. N.
Griesdale, Charles E.
Griffin, A. G. S.
Griffin, Eric J.
Griffin, John W.
Griffiths, J.
Griffiths, F. D.
Griffiths, W. David, Q.C.
Grills, R. M.
Grimbly, Maurice
Grose, George W.
Groskurth, W. Ivan
Gross, Charles
Gross, H.
Growcock, R. J.
Gullett, Dr. D. W.
Gundy, Charles L.
Gunn, Charles A.
Gunn, R. A.
Gwynne-Timothy, K.

Hadden, Eugene R.
Hagon, W. A.
Hahn, George
Haldenby, D.
Haldenby, Lt. Col. D. C., C.D.
Hall, A. E.
Hall, F. E.
Hall, G. E.
Hall, H.
Hall, Howard A.
Hall, P. Frank T.
Halsall, R.
Halstead, Barnard
Hambleton, Dr. D. C.
Hambly, William J.
Hamill, T. H.
Hamilton, A. S.
Hamilton, F. C.
Hamilton, John P.
Hamilton, R. M. P.
Hancocks, Oliver
Hangley, J. A.
Hannaford, David
Hannah, Dr. Walter J.
Hansen, Thor
Harbinson, V. D.
Harding, John L.
Hardy, Eric
Hardy, Dr. E. B.
Hardy, H. C.
Hargraft, G. M.
Hargraft, W. M.
Hargrave, L. W.
Harlock, R. D.
Harpur, F. G.
Harries, Lt. Col. M. R., M.B.E., C.D.
Harris, D. V. S.
Harris, Edward L.
Harris Peter
Harris, S. J.
Harris, William B.
Harris, W. C.
Hart, Dr. Gerald D.
Harvey, Warren G.
Harvey, Dr. W. J.
Harvie, Eric A.
Hassard, Richard J.
Hasted, S.
Hastings, C. E.
Hatton, Rev. Noble
Hatton, Wm. T.
Hawke, J. H.
Hawkins, H. J.
Hay, C.
Hayden, Hon. Salter A.
Hayes, Barry B.
Hayes, B. P.
Hayes, John D.
Hayhurst, W. L.
Hayman, J. L.
Haynes, Lt. Col. C. P.
Hayward, A. P.
Heard, N. C.
Hearst, H. V., Q.C.
Heath, L. B.
Hebb, Peter H.
Heighington, S.
Heintzman, C. H.
Heintzman, G. T.
Helbronner, J.
Hellens, A. D.

Helliwell, Paul B.
Helm, Clifford T.
Helm, G. W.
Hemingway, B. Sinclair
Hendershot, F. D.
Hendershot, W. F.
Henderson, D. A.
Henderson, D. C.
Henderson, John C.
Henderson, J. J.
Henderson, Leo
Henderson, R. P.
Henderson, R. S.
Henderson, William R.
Hendry, Prof. C. E.
Hendry, R. K.
Hendy, Robt. I., Q.C.
Henry, His Honour Charles J.
Henry, Edwin M.
Henry, T. P.
Henty, S.
Hepburn, John T.
Herbert, K. E.
Hercus, B. B.
Hermant, Peter
Heron, M. W.
Herridge, W. R.
Herron, Rev. D. G. M.
Hewett, F. G.
Heyland, K. V.
Heywood, E. L.
Heywood, Dr. P. M.
Hickey, G. J. T.
Hickey, Winston E.
Hicks, R. L.
Hicks, Martin R.
Hicks-Lyne, T. K. E.
Hickson, D. E.
Hihn, H. J.
Hilborn, Robert R.
Hill, Dr. A. G.
Hill, F. W.
Hill, Geoffrey W.
Hill, Roy C.
Hill, William S.
Hillmer, George P.
Hillmer, R. W.
Hilton, John D.
Hiltz, D. D.
Hinton, D. R.
Hitchins, Capt. Douglas H.
Hoare, J. E., Jr.
Hobbes, H. R.
Hobson, A.
Hodgins, Willard T.
Hogan, George
Hogg, Stanton B.
Holditch, Ross O.
Holford, Wm. D.
Holland, Graham H.
Holloway, Lt. Col. R. D.
Holmes, B. T.
Holmes, Hartley R.
Holmes James M.
Holmes, M. W.
Holt, M. O.
Honsberger, G. Vernon
Honsberger, Hugh S.
Hooker, Edwin R. K.
Hooper, Colin C.
Hopkins, Howard
Horkins, Edward W., Q.C.
Hopkins, Percy E.
Hornell, W. B.
Horner, David K.
Horner, Ralph
Hornyansky, N.
Horsey, Grant
Horvath, Lt. Col. E., E.D.
Houston, Alan C.
Houghton, P. J.
Hovey, F. L.
Howard, A. L.
Howard, Benson C.
Howard, G. S.
Howard, J. F.
Howard, R. P.
Howe, A. W.
Howes, David L.
Howie, K. E.
Howkins, A. C.
Howland, William G. C.
Howse, Rev. E. M.
Huffman, Geo. E.
Huffman, Karl
Huggard, Major C. O.
Hughes, H. E.
Hughes, J. Edward
Hughes, R. A.
Hugill, Albert E.
Hugill, W. M.
Hull, G. S.

Hull, Rodney
Hulse, Charles A.
Hulse, Joseph H.
Hulton, W. S.
Hume, F. R.
Humphries, W. R. B.
Hungerford, J. G., Q.C.
Hunnisett, E. A.
Hunt, A. T.
Hunt, Rt. Rev. H. R.
Hunt, W. E. Harvey
Hunter, B. Pepall
Hunter, Donald F.
Hunter, E. Norval
Hunter, H. B.
Hunter, Howard W.
Hunter, K. M.
Hunter, Rev. L. I.
Hunter, Lt. Col. P. W., C.D., A.D.C
Hurley, Frank H.
Hutchinson, J. D. H.
Hutchison, R. T.
Hutchison, W. L.
Hutton, D. F.
Hyde, Edwin G.
Hyde, Harry
Hyland, Clifford B.
Hyland, Nelson A.
Hymes, R. L.
Hynes, B.

Ignatieff, Paul
Iley, Charles W.
Inglis, D. H.
Ingram, William
Inkster, L. A.
Innes, J. S.
Irving, J. D.
Irving, T. G.
Irwin, A. L.
Irwin, John
Irwin, Norman L.
Irwin, O. Ross
Irwin, W. S.
Isbister, P. D.

Jackson, D. Mack
Jackson, Geoffrey H. S.
Jackson, Lt. Col. M. I., C.A., C.D.
Jackson, W. A.
Jacques, E. M.
Jaffey, J. M.
Jaffray, P.
James, K. M.
James, R. W. F.
Jameson, C. W.
Jamieson, J. M.
Jamison, L. G.
Jardine, A. E.
Jardine, John H.
Jardine, Roland G.
Jarman, Robert E.
Jarvis, Albert
Jarvis, Robert S.
Jeanneret, Dr. F. C. A.
Jeffrey, Paul G.
Jenney, H. B.
Jennings, M. R.
Jennison, G. L.
Jephcott, Dr. C. M.
Johns, Edmund D.
Johnson, Dr. Joseph
Johnson, Sidney
Johnson, T. N.
Johnston, C. N.
Johnston, R. A.
Johnston, R. C.
Jolliffe, E. B., Q.C.
Jolliffe, Lieut. Col. W. H.
Jones, D. W.
Jones, E.
Jones, E. L.
Jones, J. D.
Jones, M. C.
Jones, Oakah L.
Jones, Peter F.
Jones, R. E.
Jones, R. S.
Jones, R. Walden
Jones, T. L.
Jones, W. G.
Jordan, W. D.
Jousse, Dr. A. T.
Joy, A. P. G.
Joyce, Wallace R.

Kane, Hugh
Kardish, Joseph
Karleff, W. C.
Karwin, R. P. D.
Kasprow, W.

Katzman, Mervin M.
Kay, George W. B.
Kay, W. R.
Kaye, Alex B.
Keachie, Wm. D.
Keane, David J.
Keaveney, Derek G.
Keefer, Major T. C.
Keeler, L. A.
Keeler, Dr. W. Raymond
Keenan, J. S.
Keeping, Hugh A.
Keers, W. S.
Keith, Arthur G.
Keith, I. G.
Kellermann, M. W.
Kellock, The Hon. R. L.
Kellow, Ralph S.
Kelly, Norman H.
Kelly, T. E.
Kench, Charles A.
Kennedy, Jack R.
Kenny, M. K.
Kent, T. Douglas
Kent, T. Edward
Kenton, Rolf
Kernaghan, E. B.
Kernaghan, K. W.
Kerr, D. M.
Kerr, James W.
Kerr, John E., Q.C.
Kerr, L. W.
Kerr, W. R.
Kershaw, D.
Kert, Sheldon
Keslick, T.
Keyes, Gordon
Killackey, J. C.
Kinahan, John W.
King, Charles W.
King, Christopher C.
King, Edward O.
King, G. E.
King, T. A.
King, Terence A. S.
Kinghorn, A .A.
Kingsbury, E. D.
Kingsmill, A. S.
Kingsmill, Col. C. D.
Kinnear, H. W., Q.C.
Kinsman, W. Ralph
Kirbyson, R. E.
Kirk, Gordon
Kirkendale, J. D.
Kirkpatrick, R. C.
Kirschbaum, Dr. Jos. M.
Kitchen, C. E., Q.C.
Kitchen, Dr. Irving D.
Kitchen, Rev. Sterling
Knapp, D. F.
Knaul, S.
Knight, J. F.
Knill, B. T. H.
Knowles, D. O.
Kobori, S.
Koerber, Walter F.
Koerner, Michael M.
Koerner, W. R.
Kortright, L. H. G.
Kostka, W.
Kyle, James C.

Lace, Brigadier F. D.
Lacey, Rev. E. C.
La Ferle, Charles
Laffey, James V.
Laidlaw, R. A.
Laidley, K. R.
Laing, G. Blair
Laing, J. N.
Lake, Capt. J. F.
Lampert, H.
Lamport, A. A.
Lane, F. E.
Lane, Nelson E.
Lang, D. W.
Lang, William
Langer, Henry Peter
Langford, Dr. G. B.
Langford, H. E., Q.C.
Langley, Alex. C.
Langley, Arthur J.
Langstaff, T. A. K.
Langton, J. G.
Large, Peter K.
Lark, Rev. G. A. W.
Larkin, Montague
Larry, Lou J.
Lascelles, G. A.
Laski, Dr. Bernard
Laughlin, J. E.

Laurin, C. J.
Law, Robert
Lawer, John V.
Lawrason, J. A.
Lawrason, Jack D.
Lawrence, A. F., Q.C., M.P.P.
Lawrence, Jack
Lawson, F. C.
Lawson, Frank G.
Lawson, M. B. M.
Laxton, Edward
Lay, Harry M.
Leadbeater, Wm. J.
Leake, Ray
Leal, Allan H.
Leapman, D. J.
Learmonth, Lt. Col. Wm. R.
Lecapelain, R. R.
Leckey, R. G.
Leckie, Robin B.
Lederer, R. F.
Ledingham, H. R.
Ledsham, John A.
Lee, H. T. I.
Legge, W. R.
Legrow, Lloyd R.
Lehberg, F. H.
Leibel, Dr. Bernard
Leibel, William
Leiningen, H.R.H. Prince K. Zu
Leitch, John M.
Leith, Rev. J. Scott
Lemay, Roderick T. M.
Lemesurier, A. S.
Lemesurier, J. Ross
Lemmon, A. H.
Lemon, Herbert G.
Lennie, P. S.
Lennox, M.
Lester, R. M.
Letendre, P. F.
Levenston, Lt. Col. G. F.
Lever, Harold
Levinter, Benjamin V.
Levinter, Isadore, Q.C.
Levy, Mark
Lewis, Dr. A. C.
Lewis, Roderick
Lewis, R. W.
Lewtas, James L.
Lewthwaite, R. G.
Libman, Ben
Lidbury, Brian S.
Lilley, E. J. S.
Lillyman, R.
Lind, A. U.
Lind, W. H.
Lindsay, A. F.
Lindsay, Martin R.
Lindsay, W. W.
Lindsley, Thayer
Linton, H.
Liscombe, Wm. L.
Lister, H. S.
Little, G. Douglas
Littler, W. T.
Littlejohn, E. L.
Livermore, J. S.
Livingston, J. A.
Lloyd, Trevor
Loftus, R.
Loftus, S.
Lofquist, J. C.
Lomer, David
London, Norman H.
Long, Norman W.
Longstaff, F. R.
Lopresti, Anthony
Lord, Dr. G. Ross
Lorimer, Ronald E.
Loucks, D. T.
Loverseed, A. F.
Lovett, J. H.
Lowndes, Roy H. M.
Lucas, F. O.
Lucas, Gordon T.
Lucas, R.
Luckett, James S.
Ludlow, Basil G.
Lumsden, H. E.
Lumsden, Peter D.
Lund, K. A.
Lund, Walter L.
Lundy, R. J.
Lundy, Stanley
Lunney, Dennis A.
Luxenberg, B., Q.C.
Lyndon, Patrick
Lyon, J. R.
Lyons, J. S.
Lyons, John W.

Mabley, C. B.
Macarthur, J. R. Ian
MacCallum, A. R.
MacDiarmid, K. H.
Macdonald, Arthur A., Q.C.
MacDonald, Donald C., M.P.P.
Macdonald, G. B.
Macdonald, H. I.
Macdonald, John W.
MacDonald, J. K.
MacDonald, Murdoch K.
Macdonald, W. B.
MacDonald, Wm. L.
Macdonell, H. W.
MacDonell, Rex B. G.
Macdonnell, J. M.
Macdougall, W. M.
MacEachern, A. H.
Macfarlane, Dr. J. A.
Macfarlane, W. S.
Macfeeters, R. L.
MacGillivray, R. C.
MacGregor, Ian
MacGregor, Robert H.
Machin, H. C.
Macintosh, J. M., Q.C.
Macintosh, R. M.
Mackay, Dr. A. W.
MacKay, R. S.
MacKay, S. M.
Mackechnie, Charles
MacKenzie, Bryce R. P.
Mackenzie, J. R.
MacKenzie, D. Rae
Mackerrow, R.
Mackersy, L. S.
Mackey, James
Mackie, R. A.
MacKinnon, P. B. L.
MacLaren, Ian
MacLean, Hugh J.
Macleod, D. R.
MacLeod, G. H.
MacNames, Peter
Macnaughton, A., Q.C.
MacNicol, N.
Mackpherson, Donald S.
Maddocks, F. R.
Maedel, Clare W.
Magee, Harold L.
Magherini, Georges
Mahoney, Ed
Mair, Mace, O.B.E.
Male, W. Harold, Q.C.
Malo, George,
Mann, W. J.
Mann, Wm. H.
Manning, J. E.
Manning, J. R.
March, N. C.
Marchant, C. R.
Marchment, W. R.
Margles, Harold
Markon, K. L.
Marks, Major John B.
Marley, J. J.
Marriott, A. S.
Marshall, Arthur L.
Marshall, G. M.
Marshall, H.
Marshall, K.
Marshall, R. H.
Martin, A., D.F.C.
Martin, A. S.
Martin, C. S.
Martin, J. C.
Martin, W. M., Q.C.
Mascall, David W.
Mason, J. A.
Mason, William R.
Massie, Major J. H. C.
Massie, R. H. L.
Mather, John J.
Mathews, Norman L., Q.C.
Mathison, J. G.
Matthews, F. J.
Matthews, James G.
Matthews, John L.
Matthews, Wilfrid E.
Mawson, K.
Maybee, W. E.
Maynard, J. C.
Mayo, Geo. F. M.
Mayson, I. A.
Mayzel, Harry
Mayzel, Louis
Mazzoleni, Dr. E.
McAfee, Raymond E.
McAlpine, C. L.
McAlpine, R. J.
McAvoy, L. P.
McBain, Alex. McD.

Mcbride, Ernest W.
McCabe, V. J.
McCaffrey, E. R.
McCamus, Col. J. A.
McCamus, W. H.
McCann, Fred V.
McCarthy, John
McCartney, Wm. S.
McCaul, L. F.
McCaw, Vern
McClellan, L. A.
McClosky, P. H.
McClure,, G. Chester
McConaghy, James A.
McConkey, D. C.
McConnell, J. E.
McCool, Major Brian S.
McCormack, T. G.
McCracken, James C.
McCraw, D. F.
McCready, E. J.
McCrimmon, John G.
McCulley, Joseph
McCullough, Dr. R. S.
McCutcheon, J. W.
McCutcheon, Hon. M. Wallace
McCutcheon, W. L.
McDevitt, P. T.
McDiarmid, Hugh
McDonald, D. F.
McDonald, Ian A.
McDonald, W. H.
McDonnell, W. S., Q.C.
McDougald, John A.
McEachern, C.D.
McEachern, John M.
McEachern, R. A.
McEachren, Lt. Col. Frank F.
McEnaney, V. X.
McEwen, A/V/M C. M.
McEwen, Gordon C.
McGaw, Albert F.
McGeachey, J. B.
McGill, Cecil D.O.
McGill, K. W.
McGillion, F. B.
McGillivray, Mr. Justice George A.
McGillivray, R. H.
McGillivray, T. A.
McGinnis, Brig. J. A.
McGowan, James R.
McGowan, L. J.
Mcgrath, Rev. A. S.
McGregor, I. R.
McGuffin, H. R.
McGuinness, M. B.
McGuinnes, Vincent de P.
McHaffie, H. G.
McHoull, W. D.
McIlraith, J. H.
McIntosh, Donald A.
McIntyre, W. M.
McIver, Murdoch
McIvor, Duncan
McKague, H. H.
McKaughan, Cecil J.
Mckay, Huntley W. F.
McKay, I. H.
McKay, W.
McKee, Dr. James A.
McKee, John W.
Mckee, Wm.
McKeown, Donald
Mckeown, Warren R.
McKinney, F. T.
McKinney, R. E.
McKnight, J. G.
McLachlan, W. Ian
McLaughlin, M. E.
McLaughlin, Paul
McLaughlin, William A.
McLean, D. L.
McLean, R. H.
McLeod, Dr. Alex. N.
McLeod, W. N.
McMahon, H. W.
McManus, Daniel W.
McMechan, J.
McMillan, Edwin
McMillan, G. A.
McMillan, Rev. Kenneth G.
McMonagle, C. E.
McMorran, W. Harold
McMulkin, George J.
Mcmurrich, Robert C.
McMurray, James C.
McNair, F. A. R.
McNair, R. A.
McNaughton, K. R.
McNeil, R. Campbell
McNeil, W. G.

McNeillie, James R.
McNicol, J. A.
McNish, J. D.
McQueen, Henry
McRae, Dr. Colin A.
McRae, Ian F.
McTague, Hon. C. P., Q.C.
McTague, J. C., Q.C.
Mctague, W. C.
Mctavish, C. E.
McTeer, George S.
McVitty, E. H.
McWilliams, David B.
McWhirter, J. T.
Meadows, Roy
Medland, J. A.
Medland, M. R.
Medland, R. I.
Medland, T. J.
Medland, Col. Thomas M.
Medler, A. S.
Meech, R. C., Q.C.
Meech, R. G., Q.C.
Megaffin, D. J.
Megginson, Clifford
Menzel, David G. C., Q.C.
Menzies, J. Alexander
Merchant, D. F.
Merson, B.
Mettler, F.
Mewhort, D. S.
Meynell, David
Miano, D. J.
Middleton, B. M.
Middleton, John G., Q.C.
Middleton, V. A.
Mikaelian, D. L.
Miles, Ernest
Millar, John W.
Millar, R. V.
Miller, Hamilton
Miller, J. A. F.
Miller, James C.
Miller, J. G.
Miller, T. D.
Milligan, V.
Milloy, A. L.
Milne, Douglas G., Q.C.
Milne, Gilbert A.
Mills, Dr. Clarke
Mills, George E.
Mills, P. H., Q.C.
Milton, D. R.
Minden, Harold
Minkler, Dr. F. W.
Minoura, Kiyoo
Mist, Charles F.
Mistry, Amrat
Mitchell, A. R.
Mitchell, A. W.
Mitchell, Dr. E. W.
Mitchell, Ivan F.
Mitchell, G. P.
Mitchell, John F.
Mitchell, N. A.
Mitchell, R. W.
Moffatt, Earle E.
Moffat, Norman D.
Moise, William
Moisley, P. T.
Moles, E. M.
Mollenhauer, A. O.
Monson, Rabbi David D.
Montgomery, Major M.
Montgomery, Scott
Moog, Gerhard W.
Mooney, Reginald
Moore, E. M.
Moore, Frank J.
Moore, G.
Moorhouse, Dr. H. C.
Morgan, J.
Morgan, Major J. R. H.
Morgan, Marcel T.
Morgan, Robert T.
Morison, D. W.
Morley, Frank
Morningstar, Dr. R. W.
Morris, J. B.
Morris, James L.
Morris, Roy
Morrison, R. J.
Morrison, W. H.
Morrow, H. M.
Morrow, John A.
Morrow, T. A.
Mortimer, J. C.
Morton, M. D.
Mould, Jack
Mowat, Bruce H.
Mudie, Hubert C. P.
Mugford, Sidney H.

Muir, Lt. Col. Charles A.
Muirhead, W. T.
Mulholland, D. B., Q.C.
Mullin, J. A.
Mulloy, C. Lloyd
Munn, Charles H.
Murchie, W. T.
Murden, K. G.
Murgatroyd, Robt. E.
Murphy, A. P.
Murphy, E. S.
Murphy, Thos. H.
Murray, Donald C.
Musson, Charles J.
Mustard, C. A.
Mutchmor, Rt. Rev. Dr. J. R.
Myers, Rev. A. J. Wm.
Myles, Peter B.
Mylks, Wm. H.
Mylrea, A. J.

Nanton, P. C.
Nash, Norman R.
Nastich, Milan
Neabel, C. C.
Neale, John H., D.C.
Near, H. W.
Needham, G.
Nelson, William A.
Nesbitt, Percy H.
Nesbitt, Wm. A.
Nettelfield, J. P.
Newby, H. D. R.
Newman, H. A., Q.C.
Newman, John B.
Newman, Oscar
Newman, T. Campbell, Q.C.
Newsham, Major The Rev. R.
Nicholls, D. W.
Nicholls, H. C.
Nicholls, Samuel G.
Nicholson, K. E.
Nicks, F. W.
Nightingale, G. F.
Ninnis, W. C.
Noble, Robert H.
Noble, W. T.
Nodwell, Rev. R. G.
Nodwell, W. E.
Norman, W. H.
Norrington, H. W.
Northey, J. A.
Northway, John H.
Norton, Robert
Notley, Norman J.
Nowack, Wm. B.
Notzl, Paul
Nurse, R. C.
Nuttall, Harold
Nye, R. H.

O'Brien, J. V. A.
O'Brien, Joseph W.
O'Connor, Thos. P.
O'Connor, W. M.
O'Donohue, M., Q.C.
Ogilvie, D.
O'Leary, Martin J.
Oliver, Thos. O.
Ollerenshaw, George
Olver, A. S.
Omand, J. N.
Opler, Paul
O'Reilly, Wm. J.
Orenstein, Samuel
Orliffe, Herbert, Q.C.
Ormrod, William
Osler, B. B.
Osler, D. S.
Osler, Gordon P.
Osler, Peter S., Q.C.
Ormonde, G. E. B.
Osborne, Col. J. Ewart
Osborne, M. W.
Osborne, R. D.
Ovens, Col. F. N.
Ovens, Geo., D.F.C.

Paddle, L. H.
Page, Gordon
Page, Dr. M. A.
Page, N. L.
Page, Wm. A.
Palin, E. L.
Palm, William H.
Palmer, C. L.
Palmer, Godfrey
Parker, Edward
Parker, W. E.
Parker, Wm. G.
Parkinson, R. M.
Parks, Captain Arthur H.

Parmenter, M. D.
Parnell, J. A., O.B.E.
Parr, Rev. R. Harold
Parsons, Colin J.
Parsons, Norman
Partridge, W. T.
Paterson, James G.
Paterson, R. R.
Paterson, W. H.
Paton, David S.
Paton, S. T.
Patterson, S. L.
Patterson, Thomas A.
Patterson, Major W. E.
Patton, John A.
Pattullo, Murray
Patzig, H.
Paul, George
Paul, N. P.
Paulson, M. T.
Payne, G. Henry
Payne, M. W.
Payne, Ralph B.
Peace, G. D.
Peace, Robert R.
Peachey, Edmund
Pearce, Richard C.
Pearce, W. M.
Pearse, A. T. M.
Pearson, E. G.
Peckover, Geo. H.
Peebles, Alfred W.
Peers, Michael
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Pegnem, J. L.
Pelly, J. K.
Pemberton, Frank E.
Pendrith, J. G.
Penny, John A. S.
Pepall, R. L.
Pepper, E. R.
Pepper, P. B. C., Q.C.
Pepper, P. R.
Peppler, J. H. O.
Percy, J. L.
Perkes, Edward
Perkins, N. R.
Perrin, H. D.
Perry, J. Harvey
Perry, A. Reginald
Perry, L. W., Q.C.
Perry, Peter
Petersen, H. V.
Peterson, N. F.
Peterson, W. D.
Peto, Capt. E. M.
Petrie, John S.
Pettit, Holland, Jr.
Phelan, R. G.
Philip, D. F.
Philip, Wm.
Phillips, Gordon T.
Phillips, J. C.
Phillips, Jas. F.
Phillips, Leslie
Phillips, Nathan, Q.C.
Phipps, C. N.
Phipps, G. E.
Pickard, J. G.
Pike, Harry A.
Pilarek, Paul
Pilis, C. F.
Pineo, Lloyd G.
Pink, J. W.
Pinker, Rev. Martin W., O.B.E.
Pitt, Arnold
Pitt, C. B.
Plain, B. E.
Plant, A/V/M John L.
Plantner, J. F.
Platt, Robert G.
Playfair, S. B.
Plummer, G. P.
Pollack, S.
Pollard, F. G.
Pollock, J. D. M.
Porter, Hon. Dana H.
Porter, Donald S.
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Potter, Raymond E. S.
Potts, John A.
Potts, J. H.
Poulson, Andrew
Pound, T. W.
Pounsett, F. H. R.
Powis, Alfred
Powley, B. G.
Poyntz, A. R.
Prentice, Magistrate John L., Q.C.
Prentice, Victor F.
Prentice, W. M.

Prentis, E. D.
Preston, Harry T.
Pretty, David W.
Price, Grenville C.
Price, Harry I.
Price, Peter M.
Price, Vincent, Q.C.
Prince, Charles G.
Prince, H. R.
Pringle, Donald M.
Prior, Rev. William
Pritchard, E. M.
Procter, W. Harley
Proctor, John S.
Proudfoot, D. G.
Proverbs, C. I.
Prowse, Russell A.
Puddy, B. B.
Pugsley, T. A.
Pullan, H.
Purcell, Gillis
Purchase, H. W.
Purkis, John E.
Purvis, Burt
Purvis, G. I.
Pyper, D. G.

Quinn, W. J.

Rabnett, Basil
Radcliffe, N. D.
Radford, R. D.
Rae, Robert
Rainsberry, F. B.
Raleigh, R. C.
Ralph, George W.
Ralph, R. Ford
Rambo, W. L.
Randall, H.
Randall, The Hon. S. J.
Rankin, Donald G.
Rankin, Lt. Col. G. A., D.S.O., E.D.
Ranney, J. J.
Rapmund, J. L.
Rapsey, Hugh A.
Rawson, G. H.
Ray, Louis W.
Rea, W. Harold
Reason, J. F.
Rechnitzer, E. V.
Rector, L. G.
Reddrop, F. O.
Redfern, D. B.
Redford, Wm. J.
Redwood, J. A.
Reeb, H. E.
Reed-Lewis, W.
Reeves, E. H.
Reid, A. D. G.
Reid, Alexander G.
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Reid, J. C.
Reid, J. H.
Reid, Morgan
Reid, Robert F., Q.C.
Reid, Wm. G.
Reid, William H., Q.C.
Reilly, A. G.
Reilly, Leonard M.
Relyea, T. A.
Reynolds, B. J.
Rhind, J. A.
Rice, Martyn A.
Richardson, F. L.
Richardson, John D.
Richards, Roland W.
Richmond, Frank
Richmond, W. R.
Rickard, W. Paul
Rickey, H. R.
Rigby, T. A.
Riley, Very Rev. Dean
Ripley, T. S.
Ritch, J. Gerald
Ritchie, Gen. Sir Neil
Ritchie, Ronald S.
Rittersporn, H. L.
Robb, David
Robb, Victor G.
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Roberts, L. V.
Robertson, D. S.
Robertson, Ian R.
Robertson, James P.
Robertson, John F.
Robertson, J. W.
Robertson, O. A.
Robertson, R.
Robinette, T. L.

Robins, Sydney L., Q.C.
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Robinson, E. W.
Robinson, Lt. Col. F. R.
Robinson, J. B.
Robinson, R. A. G.
Robinson, T. A.
Robinson, W. G. W.
Robinson, W. K.
Robson, J. A.
Rodgerson, Dr. J. S.
Roebuck, Hon. A. W., Q.C.
Roelofson, E. C.
Rogers, A. W.
Rogers, Donald J.
Rogers, Ian F. H.
Rogers, N. Mac L., Q.C.
Rogerson, W. R.
Rokeby-Thomas, The Rev. Dr. H. R.
Rollason, W. E.
Rooney, Anthony C.
Roost, G. H.
Rosborough, T. H.
Rose, Allan C.
Rose, J. W., Jr.
Rose, P. M.
Rosenberg, Henry S.
Ross, Ian
Ross, John T.
Ross, J. Allan
Ross, Dr. Murray G.
Ross, John B.
Ross, M. C. C.
Rotenberg, Harry I.
Rounthwaite, C. F. T.
Rous, W. A.
Rowan, Hugh
Rowland, J. G.
Rowntree, The Hon. H. Leslie
Roxborough, E. L.
Roxborough, E. M.
Roy, Hedley E. H.
Roy, Kayo J.
Roy, Robert M.
Royes, Lewis T.
Royse, C. F.
Rozovsky, H.
Rubin, Dr. Leon J.
Russell, E. B.
Russell, D. K.
Russell, G. R.
Russell, N. E.
Russell, S. H.
Russell, Major T. B., C.D.
Rutherford, F. R.
Rutherford, J. M.
Rutherford, Robert C.
Ruttan, Col. C. M., C.B.E.
Ruwald, Donald, Q.C.
Ruys de Perez, A.
Rykert, John C.
Ryrie, George

Sablin, W. R.
Sadler, John F.
Sadowski, B.
Sager, Elmer
Saigle, E. G.
Sakamoto, H.
Salmon, C. R. B.
Samworth, R. G.
Sanders, C. J.
Sanderson, Horrell
Sankey, R. V.
Sarjeant, Dr. D. A.
Saunders, E.
Saunders, Leslie H.
Saunders, Robert E.
Savage, Mark J.
Savage, R. S.
Savage, T. L.
Sayle, Wm.
Scanlan, Major P. D., D.F.C.
Schakelaar, G.
Schalk, D. J.
Scherer, Joseph
Schiller, S. C., Q.C.
Schipper, Lionel
Schmidt, R. A.
Schuck, Wm. W.
Schury, R.
Scott, B. C.
Scott, Ernest W.
Scott, Ian G.
Scott, J. Kenneth
Scott, Robert H.
Scott, W. P.
Seabrook, V. M.
Sears, Paul
Seath, John
Seaton, Dr. D. G.

Seccombe, N. M.
Secord, D. A.
Sedgwick, Hugh
Sedgwick, J., Q.C.
Sedgewick, R. M.
Seedhouse, A. T.
Seguin, J. H.
Seigel, Morris
Self, R. Harvey
Sellar, G. M.
Seltzer, John
Sennett, D. M.
Sentance, L. C.
Sewell, Ralph E.
Sewell, Wm. S.
Seyfried, Jan. A.
Shakespeare, W. C.
Shales, R. I.
Shapiro, B. Barry, Q.C.
Shapiro, N.
Sharp, Roy C., Q.C.
Sharpe, L. B.
Sharpe, Dr. S. S.
Sharwood, Gordon R.
Shaub, Harold A.
Shaver, H. R.
Shaw, D. Bruce
Shaw, Fred M.
Shay, P. G.
Sheard, T. G.
Sheath, K. W.
Shelley, Brian H.
Shelson, Norman
Shenstone, Dr. Norman
Sheppard, G. H.
Sheppard, M. E.
Sheppard, Norris E.
Sheppard, N. T.
Sherk, Frank T.
Sherlock, J. F.
Shillabeer, L. R.
Shillington, C. Howard
Shiner, I.
Shirer, John W.
Shirriff, R. L.
Shore, Louis A.
Short, Rev. John
Short, R. Alan
Shurly, F. G.
Siegal, Harold H.
Sigsworth, Oscar T.
Sifton, Lt. Col. Clifford
Sifton, Michael C.
Silverstein, Dr. Harry
Sim, F. Donald
Simonds, Lt. Gen. G. G.
Simpson, J. R.
Simpson, Morris I.
Sinclair, M. M.
Singer, Leonard G.
Sitwell, S. L. H.
Skelly, James T.
Skey, W/C L. W., M.P.
Slaney, R. A.
Small, R. Hardy
Smart, T.
Smiley, Ross V.
Smith, A. H.
Smith, A. J.
Smith, C. H.
Smith, D. M.
Smith, D. M. A.
Smith, Dean
Smith, Donald S.
Smith, Rev. Canon F. A.
Smith, F. R.
Smith, Harold
Smith, Harry R.
Smith, Isadore
Smith, J. A.
Smith, J. Duncan
Smith, J. E. Assheton
Smith, J. H.
Smith, K. B.
Smith, L. J.
Smith, L. R.
Smith, N. K.
Smith, S. R.
Smith, Dr. T. O.
Smith, Walter F.
Smith, W. G.
Smith, W. G.
Smithers, W. A.
Smyth, A. Rolph
Snelgrove, L. S.
Snell, Rev. Canon H. B.
Snell, Paul F.
Snider, P. R.
Snow, Brig. Eric
Soady-Easton, Lt. Col. E., C.D.
Soame, G. Reginald
Softley, R. L. W.

Solman, N.
Somerville, T. A.
Sopinka, John
Sorbara, Dr. V. J.
Sone, Shael S.
Sorley, S.
Southam, W. W.
Southey, J. B. S.
Soward, H. G.
Soward, R. H., Q.C.
Sowden, A.
Sparks, E. G.
Sparrow, Eugene E.
Speer, Arthur A.
Speirs, N. R.
Speicher, N. A.
Spence, Dr. Magnus
Spragge, Brig. J. G.
Spragge, W. P.
Springer, G. M.
Spry, W. F.
Squarebriggs, Geo.
Squires, E. M.
Stackhouse, Rev. Dr. Reginald
Stafford, George O.
Stafford, M. C.
Stanbury, R. J. H.
Stanners, J. E.
Stapells, R. Bredin, Q.C.
Starkweather, Harvey C.
Stark, L. M.
Stead, A. E.
Steadman, D. J.
Stedelbauer, J. Elliott
Steed, R. G.
Steedman, R. T.
Steele, D.
Steele, D. R.
Steen, Ben R.
Steeves, F. L.
Stehelin, F. G.
Steinbach, C. H.
Steiner, R. N.
Steinhauer, D.
Stephens, Nigel
Stephenson, H. E.
Sterling, Stanley C.
Stern, Milton L.
Stevens, Col. G., C.D.
Stevens, H. R.
Stevens, Sinclair
Stevens, T. H.
Stevenson, B. O.
Stevenson, J. D.
Stevenson, J. R.
Stewart, Alan E.
Stewart, Chas. B.
Stewart, D. E.
Stewart, Gordon A.
Stewart, Hector A.
Stewart, J. M.
Stewart, Peter
Stewart, W. A.
Stigant, R. F.
Stinson, Arnold
Stinson, F. C., Q.C.
Stodart, D. H.
Stodgell, J. C.
Stogdill, Dr. C. G.
Stollery, A. W.
Stone, Philip M.
Story, R. E.
Stovel, J. H.
Strachan, J. C.
Strangway, J. K.
Strathy, Robert A. C.
Strike, W. Ross, Q.C.
Strong, M. B.
Styles, Humphrey
Sullivan, C. A. L.
Sullivan, J. W.
Sullivan, M. E.
Suter, Robert, W.
Sutherland, H.
Sutherland, H. H.
Sussman, Irving Paul
Swan, Philip
Swayze, G. W.
Sweetman, N. A.
Swift, Charles A.
Swinden, J. N.
Switzer, J. H.
Syron, M. D.

Takahashi, K.
Tancock, H. V.
Tatchell, H. Charles
Taylor, Anson S.
Taylor, D. R.
Taylor, E. H.
Taylor, E. P.
Taylor, Grant E.

Taylor, H. T. Crozier
Taylor, J. H.
Taylor, M. F.
Taylor, R. G.
Taylor, R. W.
Taylor, W. A.
Taylor, William E.
Telfer, William
Thickett, F. B.
Thomas, F. E.
Thomas, Dr. H. H.
Thomas, Morley K.
Thomas, R. H.
Thompson, A. O.
Thompson, Daniel A.
Thompson, Gordon V.
Thompson, I. S.
Thompson, J. C. W.
Thompson, John M.
Thompson, J. W., Q.C.
Thompson, Murray O.
Thompson, R. L.
Thompson, S. M.
Thompson, W. M.
Thomson, Harold W.
Thomson, J. A. D.
Thomson, R. M.
Thomson, Richard S.
Thorburn, W. H. A.
Thornton, H. G.
Tiffany, Kenneth C.
Tilly, J. S.
Timbrell, David
Tims, H. S.
Tinker, John B.
Tinning, Stanley E.
Tiviluk, G.
Tobias, F. G.
Todd, Douglas C.
Tolmie, MacEachern
Tomlinson, John D.
Topp, G. E.
Torrance, F. W., Q.C.
Torrie, Fraser G.
Tory, J. S. D., Q.C.
Tosevic, Dimitri J.
Touchie, G. J.
Tow, Donald, K., O.B.E., E.D.
Townley, I. D.
Townsend, Michael W.
Traber, Hans
Tredwell, Eric
Trelford, Dr. W. G.
Trethewey, S. D. C.
Trevett, Wm. E.
Trott, Ronald R.
Tryhorn, Harry B.
Tubby, W. G.
Tully, Alan C.
Tummon, Jack F.
Tupling, F. E.
Turnbull, D. W.
Turnbull, J. C.
Turner, Douglas H.
Turner, John C.
Turner, J. R. A.
Turner, W. I. M.
Turville, Frank D., Q.C.
Tuttle, Aubrey
Twaits, W. O.
Tye, Harry T.
Tynkaluk, Wm. C.

Underell, J. W. J.
Upshall, B. B.
Urquhart, Norman C.

Vale, Dr. Bruce W.
Vallery, Hugh
Vance, Denis E.
Vanderploeg, Col. J. S.
Vandewater, H. J.
Van Nostrand, Innes Neil
Vansickle, F.
Vanstone, F. S.
Varty, George W.
Vass, J. D.
Vaughan, Bryan
Vernon, Harcourt
Vince. Dr. Anthony J.
Virtue, Roy A.
Von Bredow, M. W.
Von Zuben, Ross

Waddell, G/Capt. R. C. A.
Wade, J. P. Stephen
Wadland, J. B.
Waffle, H. O.
Wagland, A. F.
Wagner, George H.
Wainwright, L. A.

Wakelin, James W.
Waldie, R. S.
Waldruff, E. H.
Walker, A. S.
Walker, C. W.
Walker, Senator The Hon. D. J., P.C., Q.C.
Walker, David I.
Walker, Hugh P.
Walker, J. B.
Walker, L. J.
Wall, Thomas P.
Wallace, Brig. F. C.
Wallace, G. D.
Wallace, R. H.
Wallace, R. J.
Walsh, Jack
Walsh, Norman
Walton, Chas. A.
Walton-Ball, Dr. H. G.
Walwyn, J. P.
Wanless, Herbert E.
Wansbrough, F. A.
Ward, D. H.
Ward, Major Francis N.
Ward, G. H.
Wardlaw, David R., Q.C.
Wardle, T. A.
Wardrope, Hon. George
Warner, M. J.
Warnes, Charles
Warnock, J. C.
Warren, Donald P.
Warren, E. W.
Warren, Harold D.
Warren, J. Armand
Warren, J. R.
Warriner, E. B.
Wasteneys, Lt. Col. J. G.
Wasylenko, Dr. John
Watkins, John C.
Watley, E. J. A.
Watson, A. G.
Watson, C. E.
Watson, David B.
Watson, Douglas G.
Watson, Hugh W.
Watson, W. G.
Watt, C. M.
Watt, Dr. J. G.
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Watt, Raymond
Watts, Murray A.
Waugh, F. D. R.
Wears, Geo. M.
Weaver, John L.
Webb, Dwight
Webb, J. Leslie D.
Webster, H. F. R.
Wedd, S. M.
Wees, W. R.
Wegg, George S.
Weinberg, Bernard, Q.C.
Weinstein, Leon E.
Weir, John G.
Welland, R. H.
Wells, Charles M.
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Wellstood, Leonard
Wenzel, J. S.
West, C. K. F.
West, Brig. Forbes E., E.D.
West, R. Bruce
West, R. C.
Westaway, C. E.
Westhead, Brig. J. F.
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Wharton, Harry T.
Wheeler, Rev. G. W. B.
Whelpton, E. W.
Whillans, H. O.
Whitaker, W. D.
White, A. B.
White, C. E.
White, C. Lear
White, F. T.
White, Norman A.
Whiteacre, J. A. W.
Whitehead, Harry E.
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Whitley, T. F.
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Whitten, John A.
Whitton, F. A.
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Wiertz, L. M.
Wilcox, T. Murray
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Wildman, A. C. L.
Wildman, J. E. A.
Wilkes, A. E.

Wilkes, Lieut. Col. F. H.
Wilkins, Cyril H.
Wilkins, D. J.
Wilkinson, Right Reverend F. H.
Wilkinson, Rev. M. P.
Willey, G. E.
Williams, Aubrey E.
Williams, L. K.
Williams, Owen S.
Williams, R. L.
Williams, Lt. Col. Wm. Eric
Williams, W. E.
Willis, D. G.
Williston, W. B.
Willoughby, W. J.
Wilson, A. L.
Wilson, C. C.
Wilson, Major C. H.
Wilson, C. N.
Wilson, D. A.
Wilson, D. Fraser
Wilson, D. G.
Wilson, Glen A.
Wilson, Harry H.
Wilson, J. Thomas
Wilson, R. D.
Wilson, R. J.
Wilson, Ray R.
Winter, L. W.
Winter, W. S.
Winters, Douglas
Winters, Hon. R. H.
Wise, Fred
Wisener, R. A.
Wismer, W. M.
Withrow, John B.
Wittstock, F. W.
Wittstock, Roy C.
Wong, H. R.
Wood, Alan
Wood, Don S.
Wood, Dr. Frank
Wood, G. H.
Wood, R. J.

Woodrooffe, G. T. N.
Woodrow, F. A.
Woods, David M.
Woods, George
Woolley, Ian C.
Woolley, Robert J.
Woolnough, W. H.
World, Sanford
Wormley, M. W.
Worrall, James
Worth, R. H.
Wortsman, Harvey
Wright, Dr. Edgar N.
Wright, F. A.
Wright, Harlow H.
Wright, John A.
Wright, J. R.
Wright, J. S.
Wright, Peter
Wright, Tom W.
Wyatt, H. L.

Yalden, R. E.
Yaneff, Chris.
Yaremko, Hon. John, Q.C., M.P.P.
Yarmey, Dr. W. J.
Yeomans, F. S.
Yerger, John H.
Yocom, J. H.
Yoerger, J. S., Q.C.
Yolles, S.
Youell, L. L.
Young, George W.
Young, J. Ross
Young, K. B.
Young, N. D.
Young, R. A.
Young, R. L., Q.C.
Young, Reginald L.

Zahumey, S.
Zeldin, J. L.
Zimmerman, Adam H.
Zimmerman, W. H., Q.C.

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Allan, Roy D.
Allingham, S. A.
Anderson, E. V.
Arminas, J.

Armstrong, W. E.
Bailey, John A.
Bak, John
Baker, John R.

Barber, Col John R., E.D., C.D.
Bardsley, J. W.
Beatty, Dr. S. R.
Beaumont, Arthur
Bell, Cyril
Belyea, Abner B.
Beresford, J. G.
Birney, Gordon C.
Blachford, H. A.
Blainey, James E.
Blanchard, H. A.
Blue, Richard C. S.
Bowlby, C. L.
Bradley, H. R.
Braithwaite, L. A.
Brannan, C. C.
Brown, David J.
Burkart, W. W.
Cameron, Harold
Campbell, C. B.
Carl, G. A.
Carlo, John C.
Cartwright, The Hon. Mr. Justice J. R.
Cary, Len
Chambers, H. J. A.
Chapman, F. D.
Charters, Alan H.
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Christie, Major J. G., M.B.E.
Clement, Brig. J. B.
Coffey, R.
Collins, Arnold R.
Colnett, B. E.
Coupland, Walter C.
Cranstoun, John A.
Cresswell, H. A.
Critchley-Waring, Angus C. B.
Cummings, H. V.
Cummings, Major R.
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Davey, Keith
Davies, Rev. Emlyn
Davies, Dr. John B.
Davison, Wilfred
Dawson, Isaac
Day, C. J. L.
Dixon, A. B.
Downer, Capt. The Hon. Rev. A. W., M.P.P.
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Dunlop, J. Gordon
Duthie, G. F.
Dutton, B. A.
Dwhytie, K. I.
Echlin, Charles
Falkiner, F. H.
Ferguson, P. B. G.
Ferreira, Manuel J.
Ferriman, K. C.
Fitch, T. S.
Flavelle, Sir Ellsworth
Foord, Lionel H.
Foot, D. L.
Forbes, H. K.
Frittenburg, G. D.
Gadsby, S. J.
Gelleny, Joseph J.
Gilbert, C. A.
Giles, T. S. H.
Goebelle, G.
Goodman, Aubrey W.
Gordon, Keith G.
Gunyon, C. Cecil
Halbus, Prof. Frank
Hamilton, John B., Q.C.
Hannon, Dr. J. W. G.
Harding, C. M.
Harrison, W. H.
Hawes, Fred J.
Hearn, Dr. Richard
Henderson, R. G.
Hicks-Lyne, Col. R. T. E.
Hill, Harry D. L.
Hillmer, Cameron, C.
Hines, W. J.
Horte, V. L.
Howey, Major C. B.
Howsam, A/V/M G. R., C.B., M.C.
Hubbel, Frank
Hughes, Gordon R.
Hughes, John A.
Hyde, F. C. W.
Irving, A.
Jackson, George B.
Jackson, George H.
Johnston, John I.
Jones, Prof. F. W. P.
Kennedy, A. P.
Kidd, Hon. T. Ashmore

Kitching, Major Gen. Geo., C.B.E., D.S.O., C.D.
Klasson, M. J.
Koyl, Jack E.
Lebrocq, S. E.
Leslie, Dr. Douglas
Leyden, Charles
Lipsit, E. Cameron
Livingston, W. R.
Mac Eachern, G. A.
MacFarlane, D. A.
Mackellar, J. F.
MacPhee, Norman
Manbert, Ray R.
Manning, G. L.
Marr, Donald P.
Marshall, Dr. M. R.
Mathews, C. K.
Maxwell, Rev. Gordon S.
McBain, Alex L.
McCutcheon, W. L.
McIvor, Dr. R. Craig
McKeough, W. Darcy, M.P.P.
McLachlan, W. R.
McLaughlin, Colonel R. S.
McNeil, S. R. R.
Mercer, D. A.
Meredith, A. B.
Merker, H.
Mills, H. C.
Milne, Alex. G.
Mitchell, Robt. N.
Moffat, Dr. John
Moffat, John A.
Monsarrat, Nicholas
Morgan, James C.
Morrison, D. M.
Morton, Brig. R. E. A., D.S.O.
Napier, E. J.
Newbold, J. S.
Newton, Lt. Col. R. E.
Oakie, Alfred U.
Odell, Gordon J.
Opie, R. P.
Oulster, W. J.
Owston, The Rev. R. H. T.
Parson, Rev. G. P.
Parsons, C. C.
Partington, Eric
Patterson, J. L.
Pattison, E. W.
Pattison, W. S.
Peever, K. D.
Perkins, I. B.
Perry, John W.
Puffer, Dr. A. Douglas
Puttock, Nigel W.
Rackley, Frank B.
Ramey, P. A.
Rawson, Clark M.
Regan, Major N. H.
Reid, W. H.
Rickwood, George
Robson, Richard E. G.
Roe, Dr. Alan A.
Rolland, Lucien G.
Rossall, J. S.
Rutherford, Brig. W. S., E.D.
Saltstone, George
Santamaura, Dr. A. W.
Saul, Lt. Col. W. J., C.D.
Scott, Karl E.
Scott, Wilfrid R.
Seamark, Col. W. H.
Shipp, Gordon S.
Sneath, A. V.
Spencer, C. W.
Stapells, H. G., A.C.M.A.
Steadman, Geo. A.
Stewart, Peter R.
Stewart, Robt. S.
Storie, W. S.
Thompson, A. E.
Thomson, J. R.
Thomson, Malcolm F.
Tindall, W. A.
Todgham, R. W.
Trenholme, H. E.
Turner, E. H.
Van Nostrand, Dr. F. H.
Wadsworth, J. P. R.
Wallace, L. M.
Walley, W. H.
Ware, W. T.
Waters, C. B.
Way, Major S. C.
Wedgwood, Sir John, BT.
Weeks, A. L.
Weimer, D. P.
Welch, Robert S., M.P.P.
Weldon, J. O., Q.C.
White, Geoffrey B.

White, Roy B.
Whiting, Lester
Wilkinson, Kenneth
Wilson, John A.
Wilson, Thos. L.
Wilson, W. H. T.
Wood, B. M.
Wood, J.
Wright, C. A.